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# **Annual Report 2018/2019**

Welfare Supplementary Payments

Discretionary Support

Standards of Advice and Assistance

Sanctions

October 2019



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**Department for Communities  
Assembly Report 2018/19**

Welfare Supplementary Payments  
Discretionary Support  
Standards of Advice and Assistance  
Sanctions

*Laid before the Northern Ireland Assembly by the Department for Communities in accordance with Article 76 of the Social Security (Northern Ireland) Order 1998 as amended by Article 125(1)(b) and (c) of the Welfare Reform (Northern Ireland) Order 2015; Articles 135(6), 137(4), and 137A(8) of the Welfare Reform (Northern Ireland) Order 2015; and regulation 2(2) of the Housing Benefit (Welfare Supplementary Payment) Regulations (Northern Ireland) 2017.*

October 2019



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# 1. Introduction

**1.1** As part of “A Fresh Start, the Stormont Agreement and Implementation Plan” the Northern Ireland Executive established the Welfare Reform Mitigations Working Group under the leadership of Professor Eileen Evason. This Group was tasked with bringing forward proposals to mitigate the impact of welfare arrangements in Northern Ireland within an agreed financial envelope.

**1.2** In January 2016 the Executive accepted the recommendations in the Welfare Reform Mitigations Working Group Report<sup>1</sup> and allocated a total of £501 million<sup>2</sup> to ‘top up’ the United Kingdom welfare arrangements in Northern Ireland until 31 March 2020. A breakdown of this funding is set out at **Appendix 1**.

## Independent Advice Services

**1.3** In recognition of the complexity of welfare changes, the Executive also committed a further £8 million of funding for the provision of additional independent advice services until 31 March 2020. These additional services will help and support claimants through the transitional period of change to the welfare system.

## Welfare Supplementary Payments

**1.4** A range of Welfare Supplementary Payment Schemes were subsequently developed to support claimants who may see their benefits reduced or ended following the introduction of:

- The Benefit Cap
- Time Limiting of Contributory Employment and Support Allowance
- Personal Independence Payment which may also affect
  - Disability Payments
  - Carer Payments
- Social Sector Size Criteria
- Universal Credit

**1.5** Depending on their circumstances, claimants may be eligible for more than one Welfare Supplementary Payment. Claimants are not required to apply for Welfare Supplementary Payments, as the Department for Communities identifies all eligible claimants and makes payments to them.

**1.6** Mitigation payments made to Universal Credit claimants are known as administrative payments and details are included at Section 6 of this report.

## Reporting requirements

**1.7** The legislation set out in **Appendix 2** places a requirement on the Department for Communities to lay before the Assembly an Annual Report on the Welfare Supplementary Payments made during the financial year. It also requires a report on the operation of the Discretionary Support Scheme, on Standards of Advice and Assistance provided, and on Benefit Sanctions.

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<sup>1</sup> [www.executiveoffice-ni.gov.uk/sites/default/files/publications/ofmdfm/welfare-reform-mitigations-working-group-report.pdf](http://www.executiveoffice-ni.gov.uk/sites/default/files/publications/ofmdfm/welfare-reform-mitigations-working-group-report.pdf)

<sup>2</sup> The initial allocation in the Fresh Start Agreement was £585 million. This amount was subsequently reduced as planned changes to Tax Credits were not introduced by the UK Government.

**1.8** In addition, a commitment was given by the former Minister for Communities to report biannually on the number of households who have their Welfare Supplementary Payments ended as a result of the change of address policy outlined in regulation 2(2) of the Housing Benefit (Welfare Supplementary Payment) Regulations (Northern Ireland) 2017<sup>3</sup>. The Department for Communities has incorporated all of these requirements into one Annual Report.

**1.9** This is the third Annual Report, and it is laid before the Northern Ireland Assembly in accordance with Article 76 of the Social Security (Northern Ireland) Order 1998 as amended by Article 125(1)(b) and (c) of the Welfare Reform (Northern Ireland) Order 2015; Articles 135(6), 137(4) and 137A(8) of the Welfare Reform (Northern Ireland) Order 2015; and regulation 2(2) of the Housing Benefit (Welfare Supplementary Payment) Regulations (Northern Ireland) 2017.

## **Expenditure**

**1.10** The tables at **Appendix 3** detail the programme costs for each Welfare Supplementary Payment Scheme, Universal Credit Administrative Payments and the Universal Credit Contingency Fund in the 2018/19 financial year.

**1.11** The figures in this report, unless stated otherwise, are taken from the Department for Communities Annual Report and Accounts for 2018/19 and from Management Information Systems. All figures are rounded to the nearest ten to protect individual records and totals may not sum due to rounding.

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<sup>3</sup> This information is provided at paragraph 5.9.

## 2. The Benefit Cap

**2.1** The Benefit Cap places an upper limit on the total amount of certain benefits a household can receive when a claimant, or their partner if they have one, is of working age. If a claimant is affected by the Benefit Cap this will result in a reduction in the amount of Housing Benefit or Universal Credit payable. However, the Benefit Cap will not apply when certain benefits are in payment (for example Disability Living Allowance or Personal Independence Payment).

**2.2** During the period of this report, affected claimants will have been in receipt of Housing Benefit. As the Benefit Cap is administered through a reduction in Housing Benefit affected claimants are informed of any reduction in their Housing Benefit by way of a Housing Benefit award notification. This is issued by the Northern Ireland Housing Executive. Latest Benefit Cap Statistics

[www.communities-ni.gov.uk/articles/benefit-cap-statistics](http://www.communities-ni.gov.uk/articles/benefit-cap-statistics)

### Benefit Cap Limits

**2.3** With effect from 7 November 2016, the Benefit Cap limits are as follows:

- £384.62 per week (or £20,000 per year) for households made up of either a couple (with or without children) or a lone parent (who has children living with them that they are responsible for)
- £257.69 per week (or £13,400 per year) for a single person (who has no children living with them)

### How Benefit Cap is calculated

**2.4** Some of the benefits that are received by the claimant, their partner (if they have one) and any children who live with them for whom they are responsible are added together to determine whether their total benefit income is above the Benefit Cap. These benefits are listed at **Appendix 4**. The calculation does not include individuals living in the household for whom the claimant is not responsible.

### Welfare Supplementary Payments

**2.5** The Northern Ireland Executive allocated a total of £25 million to mitigate the impact of the Benefit Cap on families until 31 March 2020.

**2.6** Welfare Supplementary Payments are available for households with children that are affected by the Benefit Cap. Payments are equivalent to the amount of Housing Benefit reduction on the date when the Benefit Cap was first applied. Payments are made, where possible, to the person who receives the Housing Benefit – this could be the claimant, their landlord, or a letting agent acting on the landlord's behalf.

**2.7** Any claimants affected by the Benefit Cap who are not eligible for a Welfare Supplementary Payment to cover their full loss may apply for a Discretionary Housing Payment to cover the portion of the reduction in their Housing Benefit that has not been covered by their Welfare Supplementary Payment.



**2.8** The number of claimants who received a Welfare Supplementary Payment in 2018/19 decreased by 26% from 2017/18. This does not mean eligible claimants are no longer receiving a payment. Rather, it is due to a change in a claimant’s circumstances meaning that a household is no longer being affected by the Benefit Cap. Reasons for this change could include households becoming exempt from the Benefit Cap if:

- There was a successful claim for a disability-related exempting benefit such as Carer’s Allowance, Disability Living Allowance or Personal Independence Payment

- A child or partner leaving or joining a household caused benefits to be re-calculated
- Other change of circumstances that leads to the benefit income of the household reducing below the cap threshold

**2.9** Table 1 below shows the total expenditure during the 2018/19 financial year on Welfare Supplementary Payments for claimants who were affected by the Benefit Cap. This equates to an average payment of £1,220 per claimant.

**Table 1: Expenditure in 2018/19 – Benefit Cap**

Welfare Supplementary Payment Scheme	Number of claimants who received Welfare Supplementary Payments	Total Amount Paid
Benefit Cap	1,840	£2,243,350

## 3. Changes to Employment and Support Allowance

**3.1** Time limiting of contribution-based Employment and Support Allowance was introduced in Northern Ireland with effect from 28 November 2016. This change limited the time for which a claimant can receive Employment and Support Allowance to 365 days. This applies to claimants who are in the work-related activity group and receive Employment and Support Allowance based on National Insurance contributions they have paid.

**3.2** Claimants who are placed in the Support Group of Employment and Support Allowance are exempt from the limit. Any time spent in the Support Group, or in the assessment phase before moving to the Support Group, will not count towards the 365-day time limit.

**3.3** Claimants who were in the Work-Related Activity Group when the changes came into effect and had already been receiving contribution-based Employment and Support Allowance for 365 days or more were the first to be affected by this change.

### Welfare Supplementary Payments

**3.4** The Northern Ireland Executive allocated a total of £24 million to mitigate the impact of the time limiting of contribution-based Employment and Support Allowance until 31 March 2020.

**3.5** Welfare Supplementary Payments are paid to claimants who were in receipt of contribution-based Employment and Support Allowance on the date that time limiting was introduced and who subsequently lost benefit as a result of the change. The amount of the Welfare Supplementary Payment is equivalent to the actual loss of benefit, and payments are made every four weeks for up to one year.

**3.6** The number of claimants who received a Welfare Supplementary Payment in 2018/19 decreased by 80% from 2017/18. This is due to the time-limited nature of the scheme, which means that there are few new claimants receiving this mitigation payment. To be entitled to a new award a claimant must have been in receipt of Employment and Support Allowance prior to November 2016 and then be moved from the Support Group to the Work-Related Activity Group.

**3.7** Table 2 below shows the total expenditure during the 2018/19 financial year on Welfare Supplementary Payments for claimants who were affected by this change. This equates to an average payment of £1,340 per claimant.

**Table 2: Expenditure in 2018/19 – Employment and Support Allowance**

Welfare Supplementary Payment Scheme	Number of claimants who received Welfare Supplementary Payments	Total Amount Paid
Employment and Support Allowance	600	£802,710

## 4. Personal Independence Payment

**4.1** Personal Independence Payment was introduced in Northern Ireland on 20 June 2016. It replaces Disability Living Allowance for people of working age (16–64 years old). All existing working-age Disability Living Allowance claimants will be assessed for Personal Independence Payment by Autumn 2019.

### Welfare Supplementary Payments

**4.2** The Northern Ireland Executive allocated a total of £94 million to mitigate this change until 31 March 2020 for those claimants who are worse off following transition from Disability Living Allowance to Personal Independence Payment.

**4.3** There are three elements available within this Welfare Supplementary Payment Scheme. Two relate to claimants who are not awarded Personal Independence Payment, and the third is available to claimants who are awarded Personal Independence Payment but at a reduced rate compared to that which they previously received under Disability Living Allowance.

### Element 1 – Payment during Appeal

**4.4** Claimants who are assessed for Personal Independence Payment and do not qualify, and subsequently appeal the decision, will receive Welfare Supplementary Payments equal to the weekly rate of their previous Disability Living Allowance payments until the Department is notified of the outcome of their appeal. Additionally, in cases where leave is granted to appeal to the Social Security Commissioners, Welfare Supplementary Payments will continue until the Department has been notified of the outcome decision or until the schemes end in March 2020, whichever is earlier.

**4.5** Table 3 below shows the total expenditure during the 2018/19 financial year on Welfare Supplementary Payments under Element 1 of the Loss of Disability Living Allowance scheme. This equates to an average payment of £2,000 per claimant.

**Table 3: Expenditure in 2018/19 – Loss of DLA, Element 1**

Welfare Supplementary Payment Scheme	Number of claimants who received Welfare Supplementary Payments	Total Amount Paid
Loss of DLA – Element 1	7,880	£15,727,590

## Element 2 – Lower Award

**4.6** Claimants who are assessed for Personal Independence Payment and do qualify, but at a reduced rate, and whose weekly loss is £10 or more, will receive Welfare Supplementary Payments equal to 75% of their loss of benefit for up to one year.

**4.7** Table 4 below shows the total expenditure during the 2018/19 financial year on Welfare Supplementary Payments under Element 2 of the Loss of Disability Living Allowance scheme. This equates to an average payment of £760 per claimant.

**Table 4: Expenditure in 2018/19 – Loss of DLA, Element 2**

Welfare Supplementary Payment Scheme	Number of claimants who received Welfare Supplementary Payments	Total Amount Paid
Loss of DLA – Element 2	18,820	£14,222,650

## Element 3 – Conflict related Injury

**4.8** Claimants who are assessed for Personal Independence Payment and do not qualify but have received at least four points in their Personal Independence Payment assessment and can show that their disability or illness is as a result of a Northern Ireland conflict related injury may be entitled to Welfare Supplementary Payments. These payments

are equal to the standard rate of the relevant Personal Independence Payment component and are paid for up to one year.

**4.9** Table 5 below shows the total expenditure during the 2018/19 financial year on Welfare Supplementary Payments under Element 3 of the Loss of Disability Living Allowance scheme. This equates to an average payment of £1,370 per claimant.

**Table 5: Expenditure in 2018/19 – Loss of DLA, Element 3**

Welfare Supplementary Payment Scheme	Number of claimants who received Welfare Supplementary Payments	Total Amount Paid
Loss of DLA – Element 3	10	£13,720

## Loss of Disability-Related Payments

**4.10** Currently, claimants who receive an income-related benefit, or Working Tax Credit, and also receive Disability Living Allowance, may automatically receive additions to their benefit. These additions are known as Disability Premiums (or Disability Elements in Tax Credits), and the amount payable depends on the rate of Disability Living Allowance in payment.

**4.11** Claimants who transition from Disability Living Allowance to Personal Independence Payment may see a reduction in, or total loss of, the disability additions they receive. This may occur where a claimant receives no award of Personal Independence Payment or is awarded a rate of Personal Independence Payment that is lower than their previous Disability Living Allowance award.

## Welfare Supplementary Payments

**4.12** The Northern Ireland Executive allocated a total of £27 million to mitigate this change until 31 March 2020.

**4.13** Welfare Supplementary Payments are available to claimants who are receiving an income-related benefit and lose any combination of Disability Premium, Enhanced Disability Premium or Severe Disability Premium. They are also available to Working Tax Credit claimants who lose the Severe Disability Element.

**4.14** Payments are equivalent to the rate of the disability-related payments that have been lost and are paid for a maximum period of one year.

**4.15** Table 6 below shows the total expenditure during the 2018/19 financial year on Welfare Supplementary Payments for loss of disability-related payments. This equates to an average payment of £1,740 per claimant.

**Table 6: Expenditure in 2018/19 – PIP, Loss of Disability-related Payments**

Welfare Supplementary Payment Scheme	Number of claimants who received Welfare Supplementary Payments	Total Amount Paid
PIP – Loss of Disability-Related Payments	2,460	£4,287,300

## Loss of Carer Payments

**4.16** Claimants who are in receipt of Carer's Allowance or a Carer Premium on an income-related benefit may find that they lose their entitlement because the person they care for is not awarded the qualifying daily living component of Personal Independence Payment on transition from Disability Living Allowance.

## Welfare Supplementary Payments

**4.17** The Northern Ireland Executive allocated a total of £18 million to mitigate this change until 31 March 2020.

**4.18** Welfare Supplementary Payments are made to claimants who lose entitlement to Carer's Allowance and to those who lose entitlement to a Carer Premium received on the following income-related benefits:

- Income-based Jobseeker's Allowance
- Income-related Employment and Support Allowance
- Income Support (also awarded on the basis of being a carer)
- State Pension Credit

**4.19** Table 7 below shows the total expenditure during the 2018/19 financial year on Welfare Supplementary Payments for loss of carer payments. This equates to an average payment of £1,290 per claimant.

**Table 7: Expenditure in 2018/19 – PIP, Loss of Carer Payments**

Welfare Supplementary Payment Scheme	Number of claimants who received Welfare Supplementary Payments	Total Amount Paid
PIP – Loss of Carer Payments	2,700	£3,483,440

**4.20** The process of assessing all working-age Disability Living Allowance claimants for Personal Independence Payment commenced in June 2016 and as this rolled out the number of claimants receiving a Welfare Supplementary Payment naturally increased. For example,

a claimant who was awarded a Welfare Supplementary Payment in 2017 could still be receiving the payment in the 2018/19 financial year along with claimants who were awarded a Welfare Supplementary Payment for the first time in 2018/19.

## 5. Social Sector Size Criteria

**5.1** As part of the changes to the welfare system, an amendment to the Housing Benefit Regulations (Northern Ireland) 2006<sup>4</sup> introduced size criteria into Housing Benefit for working-age claimants in the social rented sector with effect from 20 February 2017. This means that Housing Benefit is now restricted and is based on the number of bedrooms a household requires.

**5.2** For those Housing Executive and Housing Association tenants who are found to be under-occupying their properties, an appropriate percentage reduction will be made to the eligible rent when calculating entitlement to Housing Benefit.

### Households not affected by the Social Sector Size Criteria

**5.3** Claimants will not be affected by the Social Sector Size Criteria if:

- they, or their partner, have reached state pension age
- they live in supported accommodation
- they live in non-mainstream accommodation, for example, houseboats, caravans or mobile homes
- they live in a shared co-ownership scheme
- they live in temporary accommodation

### Rates of Reduction

**5.4** Households that are considered to be under-occupying their accommodation will see a reduction in their Housing Benefit of:

- 14% of the total eligible rent for under-occupation by one bedroom
- 25% of the total eligible rent for under-occupation by two or more bedrooms

### Welfare Supplementary Payments

**5.5** The Northern Ireland Executive allocated a total of £91 million to mitigate the impact of Social Sector Size Criteria until 31 March 2020.

**5.6** A Welfare Supplementary Payment is available to anyone affected by the Social Sector Size Criteria. Payments are equal to the amount of the deduction and will normally be payable until 31 March 2020.

**5.7** Table 8 below shows the total expenditure during the 2018/19 financial year on Welfare Supplementary Payments for claimants affected by the Social Sector Size Criteria<sup>5</sup>. This equates to an average payment of £530 per claimant.

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<sup>4</sup> The Housing Benefit Regulations (Northern Ireland) 2006 were amended by Article 137(A) of the Welfare Reform (Northern Ireland) Order 2015.

<sup>5</sup> Table 8 does not include those who were affected by the Social Sector Size Criteria after moving to Universal Credit (these figures are contained in Table 9).

**Table 8: Expenditure in 2018/19 – Social Sector Size Criteria**

Welfare Supplementary Payment Scheme	Number of claimants who received Welfare Supplementary Payments	Total Amount Paid
Social Sector Size Criteria	38,270	£20,371,510

**5.8** Regulation 2(2) of the Housing Benefit (Welfare Supplementary Payment) Regulations (Northern Ireland) 2017 operates to end a claimant’s entitlement to a Welfare Supplementary Payment if they move property and continue to under-occupy by at least the same number of bedrooms. This regulation does not apply where a property is allocated to a claimant under one of the management transfer scheme categories, commonly referred to as “Management Transfer Status”.

**5.9** During the period 1 April 2018 to 31 March 2019 a total of 93 Welfare Supplementary Payments came to an end as a result of the application of regulation 2(2) of the Housing Benefit (Welfare Supplementary Payment) Regulations (Northern Ireland) 2017.



## 6. Universal Credit

**6.1** Universal Credit was introduced in Northern Ireland for new claimants with effect from 27 September 2017. It was rolled out on a phased geographical basis to all front-office locations across Northern Ireland by December 2018.

**6.2** Claimants in receipt of existing benefits, who have a change of circumstances that would have previously led to a new claim to a different benefit, will now make a claim to Universal Credit.

**6.3** Claimants on existing benefits who do not have a relevant change of circumstances will 'Move to UC', between 2020 and 2023. Claimants on existing benefits do not need to do anything unless their circumstances change. The Department will advise claimants what they need to do when it is time for them to move on to Universal Credit. During this period all claimants receiving any of the six existing benefits and credits which are being replaced by Universal Credit will be actively transferred to Universal Credit. Universal Credit replaces the following:

- Jobseeker's Allowance (Income-based)
- Employment and Support Allowance (Income-related)
- Income Support
- Working Tax Credit
- Child Tax Credit
- Housing Benefit (Rental)

### Welfare Supplementary Payments

**6.4** The Welfare Reform Mitigations Working Group did not recommend mitigation for claimants who migrate to Universal Credit. This means that any claimant who experiences a financial loss as a direct result of their move from an existing benefit to Universal Credit will not receive mitigation payments to cover their loss of benefit.

### Administrative Payments

**6.5** Those claimants who were already in receipt of Welfare Supplementary Payments (before moving to Universal Credit) because they had been affected by other welfare reforms, will continue to receive mitigation payments (currently known as administrative payments) after they move to Universal Credit.

**6.6** In the absence of the Northern Ireland Assembly, the Department has been unable to bring forward legislation to provide for Welfare Supplementary Payments for Universal Credit claimants. However, to ensure that mitigation payments can be made to eligible Universal Credit claimants, the Department has made administrative payments during this reporting period under the authority of the Northern Ireland Budget Act 2018.

**6.7** Mitigation payments may also be made to new Universal Credit claimants if they are subsequently affected by the Benefit Cap and/or the Social Sector Size Criteria. These payments are made to eligible claimants as the mitigation of these welfare changes was recommended by the Working Group. Such claimants will currently receive administrative payments.

**6.8** In each case, claimants will be advised as to how long they will continue to receive administrative payments and no administrative payments will be made beyond 31 March 2020.

**6.9** During 2018/19 a total of 2,540 Universal Credit claimants received administrative payments. This includes claimants who were previously in receipt of Welfare Supplementary Payments in respect of Social Sector Size

Criteria before they moved to Universal Credit and also includes Employment and Support Allowance, Benefit Cap and Carer’s payments.

**6.10** Table 9 below shows the total expenditure during the 2018/19 financial year on administrative payments for claimants on Universal Credit. This equates to an average payment of £390 per claimant.

**Table 9: Expenditure in 2018/19 – Claimants on Universal Credit**

Mitigation Scheme	Number of claimants who received Administrative Payments	Total Amount Paid
Benefit Cap	10	3,980
Carers	30	19,160
ESA Time-Limiting	10	12,600
SSSC	2,510	960,070
<b>Total</b>	<b>2,540</b>	<b>£995,810</b>

**6.11** Regulation 2(2) of the Housing Benefit (Welfare Supplementary Payment) Regulations (Northern Ireland) 2017 operates to end a claimant’s entitlement to a Welfare Supplementary Payment if they move property and continue to under-occupy by at least the same number of bedrooms. This regulation does not apply where a property is allocated to a claimant under one of the management transfer scheme categories, commonly referred to as “Management Transfer Status”. This policy also applies to administrative payments made to eligible Universal Credit claimants.

**6.12** During the period 1 April 2018 to 31 March 2019 two administrative payments came to an end as a result of the application of this policy.

### **Universal Credit Contingency Fund**

**6.13** The Welfare Reform Mitigations Working Group recommended that £2 million per year be made available for the provision of a Universal Credit Contingency Fund to ‘**make emergency payments where hardship occurs as a result of difficulties which are not due to any fault on the part of the claimant**’. These emergency payments provide financial support to new Universal Credit claimants who continue to experience financial difficulties after receiving a Universal Credit advance and are awaiting their first full payment of Universal Credit. This scheme will be in place until 31 March 2020.

**6.14** The Universal Credit Contingency Fund Scheme was introduced with effect from 1 November 2017 and payments are made through the Discretionary Support Scheme in the form of non-repayable grants.

**6.15** In order to receive a Universal Credit Contingency Fund payment, claimants must be able to demonstrate that they are experiencing financial difficulties. Claimants should have received a Universal Credit Advance Payment prior to making their application. A Discretionary Support grant should not have been awarded to the Universal Credit claimant within the previous 12 months.

**6.16** A Universal Credit Contingency Fund payment is a grant and as such does not need to be repaid. The period of the payment is from

the date of application to the day before the claimant's next income is due provided that income, or any subsequent income, is deemed sufficiently adequate to meet the claimant's needs up to the first or second (only if the claimant is paid Universal Credit twice monthly) Universal Credit payday. The amount will be calculated as 50% of the appropriate Universal Credit standard allowance and will, where applicable, include the full child element for each child.

**6.17** Table 10 below shows the total expenditure during the 2018/19 financial year from the Universal Credit Contingency Fund. This equates to an average payment of £140 per claimant.

**Table 10: Expenditure in 2018/19 – Universal Credit Contingency Fund**

Universal Credit Contingency Fund	Number of claimants who received payments	Total Amount Paid
	4,230	£571,600

## 7. Cost of Work Allowance

**7.1** The Welfare Reform Mitigations Working Group recommended the introduction of a Cost of Work Allowance. Unlike other measures developed as specific mitigation for those directly affected financially by welfare reform, the Cost of Work Allowance was intended to provide additional income to assist people in working poverty. Payments would be available to people claiming either Working Tax Credit or Universal Credit and who satisfied the eligibility criteria. A total of £105 million was allocated for this scheme over a three-year period i.e. £35 million per year from 2017/18 through to 31 March 2020.

**7.2** The Department has developed the outline of a Cost of Work Allowance scheme, and the necessary primary legislation to provide for payments has been made. The more detailed policy is subject to Ministerial approvals and will require appropriate secondary legislation. In the absence of a Minister and Assembly, the Department has not yet been able to progress this scheme.

## 8. Discretionary Support

**8.1** The Department for Communities is committed to ensuring that the most vulnerable in society can access appropriate help and support in times of emergency or crisis. In support of this aim, the Finance Support Service was introduced in Northern Ireland in November 2016 to provide a fast, responsive and effective quality service that ensures claimants receive immediate short-term financial support in times of emergency or crisis.

**8.2** Those on low incomes (working and non-working) may access this form of quick, short-term financial support in the form of

a loan or grant by making an application for Discretionary Support when an extreme, exceptional or crisis situation arises which presents a significant risk to the health, safety or well-being of either the person making the claim or of their immediate family. The service is designed to ensure that each customer has their application taken and receives an outcome decision as part of a single telephone call.

### Statistics

**8.3** The figures below represent Discretionary Support performance and expenditure during the 2018/19 financial year.

**Table 11: Performance and Expenditure in 2018/19 – Discretionary Support**

Discretionary Support	
Total number of claims processed	79,987
Total number of awards made	56,431
Total number of disallowances	23,556
Total amount awarded	£13,765,000
Average award	£243
Claims cleared within 1–2 days	98%
Total loan recovery	£3.5 million
Total review requests	4,284
Total number of awards changed following review	1,286

**8.4** The total amount awarded in 2018/19 breaks down as follows:

- Discretionary Support Loans £4 million

- Discretionary Support Grants £9.6 million (of this £9.6 million £571,600 relates to Universal Credit Contingency Fund payments)

## 9. Standards of Advice and Assistance

**9.1** The Welfare Reform Mitigations Working Group Report recommended that additional independent advice services should be put in place to help and support claimants through the transitional period of changes to the welfare system. The Executive made a commitment to provide a total of £8 million of funding over four years, from 2016 until 31 March 2020 for these additional services. A further £2.7 million was provided (to cover the same four year period) to target food poverty and to equip citizens with financial capability skills.

**9.2** The Welfare Reform Support Project which provides the free Independent Welfare Changes Helpline (0808 802 0020), additional face-to-face front-line services and legal adviser services in the Law Centre NI went live from 1 November 2016.

**9.3** A 12-month review carried out in February 2018 clearly showed, both from the customer survey and from feedback supplied by the Advice Sector (via Management Information statistics), that the Project had met its objectives. The Department was therefore provided with the assurance and justification to continue the delivery model for

the additional face-to-face advice service and telephony helpline until 2020. Key information from the review demonstrated that 17% of customers availed of the free Independent Welfare Changes Helpline and 83% visited their local advice office with 95% of participants satisfied with service delivery.

**9.4** Contracts to continue delivery of the additional independent advice service are in place until 31 March 2020. As at 30 April 2019 approximately 138,000 citizens have been supported through Welfare Reform by the free Independent Welfare Changes Helpline, additional Welfare Reform advisers in front-line advice organisations and by Law Centre NI legal advisers. This figure was provided by the Advice Sector, for part of the period of this report statistics were unavailable.

**9.5** In addition to the above, direct provision of specialist advice, appeals representation and money management, a number of other Advice Sector Support initiatives were introduced and delivered to enable the independent advice network to support citizens through the implementation of Welfare Reform.

**Table 12: Advice Sector Support Initiatives – Standards of Advice and Assistance**

Initiative	Outcomes
UC Digital Support & Equipment	Provided to 45 front-line offices to assist citizens digitally
Welfare Reform Adviser Training Programme	Delivered to 354 advisers & volunteers
UC Adviser Training Programme	Delivered to 409 advisers & volunteers
Housing Rights Training	Delivered to 233 staff from support organisations
Welfare Reform, UC & PIP Awareness Sessions	Delivered to 7,341 participants
Targeted projects to support vulnerable customers through Welfare Reform	3,262 citizens supported. This included farmers, the migrant community, the deaf community, young adults and an interpreter facility for citizens whose first language is not English
Money management & financial capability projects to specialised groups	3,380 citizens supported. This included survivors of human trafficking, young people leaving care, the homeless, survivors of domestic abuse, users of food banks, mental health sufferers and ethnic minority communities
Digital & Transformational Projects	<ul style="list-style-type: none"> <li>• Digital Scheduling &amp; User Interaction Tool for citizens and advisers to access services</li> <li>• Digital Platform Product ‘chatbot’ for young people and young adults to seek information &amp; support</li> <li>• Money management &amp; financial adjustment resource hub to enable advisers, champions and citizens to access money management resource</li> </ul>

## Standards of Advice

**9.6** The Department in collaboration with its co-funders the 11 Northern Ireland Councils as well as the regional advice support organisation, Advice NI, are continuing to work to ensure that all front-line advice providers will eventually achieve accreditation of the Northern Ireland Advice Quality Standard (NIAQS). Councils and the Department are in agreement that this accreditation will ultimately become a condition of funding for any front-line provider bidding for funding from councils for generalist advice provision.

Attainment of NIAQS will provide assurances that providers are operating at a level which meets industry quality standards in relation to

the advice provided and following the Quality of Advice assurance procedure set out. For those providers who have already attained the standard, this will be verified by the completion of an independent audit.

Furthermore, regional organisations have individual quality standards and processes in place as follows:

- **Advice NI** – has achieved Investors in People gold accreditation, which lasts for three years and is reviewed every 18 months. It has also received the Advice NI Money and Debt Advice Standard, which is accredited by Money Advice Service Quality Framework

- **Law Centre NI** – is required to meet Lexcel, which is the Law Society’s legal practice quality mark for excellence in client care. This is audited annually

In addition to the above, each organisation has internal processes in place to check the standards of advice being provided, which includes daily case-checking by senior supervisors and case-file reviews.

### **Review of Independent Advice Service**

**9.7** In awarding the contract for the provision of the new independent welfare changes advice service the Department carried out a 4-month and a 12-month review of the service. This included a customer satisfaction survey carried out at the 4-month review stage which showed that 95% of those surveyed were satisfied with the help and advice provided. A further review is ongoing and a post March 2020 Forward Look is in preparation.

### **Tackling Food Poverty**

**9.8** The Welfare Reform Mitigations Working Group recommended improving access to affordable food through a network of community food shops and social stores / supermarkets.

### **Social Supermarket Pilot Programme**

**9.9** A Social Supermarket pilot programme commenced on 1 October 2017 at five sites across Northern Ireland. Access to this support requires payment of a small membership fee and uptake of a wraparound of bespoke support such as advice, money management, training etc. based on a client’s needs.

**9.10** An evaluation of activity up to 30 September 2018 shows positive early impacts with 419 individuals accessing the service and suggests that the model of combining access to affordable food with wraparound support is helping to positively change the life circumstances of members and their families. At a minimum, it has given members the confidence to embark on a path to transition out of food poverty and improve their circumstances, as reflected by the ‘distance travelled’ by members in terms of resilience and self-efficacy. Many others have progressed further to actually improve their circumstances (e.g. secure employment, improve family finances / reduce debt). Year 1 of the pilot has resulted in 37 tonnes of surplus food being redistributed.



## 10. Sanctions

**10.1** A sanction is a penalty imposed by a decision maker where a claimant fails, without good reason, to fulfil all of their responsibilities in order to continue to receive their benefit.

**10.2** Given the potential to cause hardship, the Department for Communities believes that any decision to reduce or stop a claimant's benefit should be an option of last resort. The Department is therefore committed to a preventative approach which is rooted in a desire to avoid hardship whilst promoting work and well-being.

**10.3** The Welfare Reform (Northern Ireland) Order 2015 ("the 2015 Order") provided for the introduction of new benefit sanction legislation in Northern Ireland with effect from 27 September 2017. The link below details the new sanction regime for each benefit<sup>6</sup>.

**10.4** In advance of implementing the sanction elements of the 2015 Order, the Department undertook a review of existing processes and communications. Additional steps were introduced with the aim of reducing the risk of claimants facing sanctions.

**10.5** This approach, which includes additional claimant touch points, was implemented with effect from 29 January 2018 in respect of Jobseeker's Allowance, Employment and Support Allowance and Income Support. This was implemented for Universal Credit from the date it was introduced in Northern Ireland, 27 September 2017.

**10.6** Article 125 of the 2015 Order amended Article 76(1) of the Social Security (Northern Ireland) Order 1998 to require the Department to report on sanctions either annually or at such times or intervals as may be prescribed. This legislation defines a sanction as the loss of, or reduction in the amount of, any sanctionable benefit under the Social Security Fraud Act (Northern Ireland) 2001. The Department is required to report on the following:

- (a) the number of persons affected by sanctions
- (b) the periods for which such persons are affected
- (c) the reasons for which sanctions are imposed
- (d) the benefits or allowances which are reduced or lost

**10.7** During the 2016/17 and 2017/18 financial years some of the above data sets were unavailable to meet the new legislative requirements as the IT systems used to record sanction decisions did not have the functionality to record the period of sanction applied. Following consideration, a manual reporting process was introduced and refined from October 2017 to ensure that all information required by legislation is captured. This report includes the first full data set for the 2018/19 reporting period.

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<sup>6</sup> <https://www.communities-ni.gov.uk/articles/benefit-sanctions>

**10.8** References below to “ongoing sanctions” refer to a sanction that has been imposed throughout 2018/19 for an open ended duration and the claimant has yet to fulfil their conditionality responsibilities to have the sanction closed.

**10.9** Please note that all sanctions figures in this report are rounded to the nearest ten and therefore may not sum due to rounding.

## Jobseeker’s Allowance

**10.10** During the 2018/19 financial year, a total of 1,340 sanctions were imposed on 1,110 Jobseeker’s Allowance claimants.

### Period of Jobseeker’s Allowance Sanctions for 2018/19

**10.11** The table below details the period of sanctions imposed under Jobseeker’s Allowance for 2018/19.

1–5 weeks	6–10 weeks	11–15 weeks	Ongoing
1,020	80	270	<10

### Reason for Jobseeker’s Allowance sanctions during 2018/19

**10.12** The reason for Jobseeker’s Allowance sanctions being imposed during 2018/19 is detailed in table below.

Reasons for applying Sanctions	Number of sanctions imposed
Failure to attend / failure to sign	600
Failure to participate in Steps 2 Success	540
Refusal to apply for a job	<10
1 Strike / 2 Strike fraud penalty	30
Failure to comply with direction	<10
Lost job through misconduct	60
Left job voluntarily	120

## Income Support

**10.13** During the 2018/19 financial year, a total of 270 sanctions were imposed on 260 Income Support claimants.

## Period of Income Support sanctions for 2018/19

**10.14** The table below details the period of sanctions imposed under Income Support for 2018/19 year.

1–5 weeks	6–10 weeks	11–15 weeks	16–20 weeks	21–25 weeks	Over 25 weeks	Ongoing
100	20	20	10	30	<10	80

## Reason for Income Support sanctions

**10.15** 240 Income Support sanctions were applied due to failure to attend Work-focused Interviews, and 20 were applied for 1 strike / 2 strike fraud penalty.

## Employment and Support Allowance

**10.16** During the 2018/19 financial year, a total of 90 sanctions were imposed on 90 Employment and Support Allowance claimants.

## Period of Employment and Support Allowance sanctions 2018/19

**10.17** The table below details the period of sanctions imposed in Employment and Support Allowance for 2018/19 year.

1–5 weeks	6–10 weeks	11–15 weeks	Ongoing
70	<10	<10	<10

## Reason for Employment and Support Allowance sanctions

**10.18** 60 Employment and Support Allowance sanctions were applied due to failure to attend Work-focused Interviews and 20 were applied due to 1 strike / 2 strike fraud penalty.

## Universal Credit

**10.19** During the 2018/19 financial year, a total of 1,140 sanctions were imposed on 845 recipients of Universal Credit.

### Period of Universal Credit Sanctions for 2018/19

These statistics are produced from Management Information and have not been quality assured to the level of official

statistics. The Department is working towards including statistics on Universal Credit sanctions in the Universal Credit Experimental Statistics publication available at

[www.communities-ni.gov.uk/articles/universal-credit-statistics](http://www.communities-ni.gov.uk/articles/universal-credit-statistics)

**10.20** The table below details the period of sanctions imposed in Universal Credit for 2018/19 year.

1–5 weeks	6–10 weeks	11–15 weeks	16–20 weeks	21–25 weeks	Over 25 weeks	Ongoing
530	290	110	30	10	<10	160

### Reason for Universal Credit sanctions during 2018/19

**10.21** The reason for Universal Credit sanctions being imposed during 2018/19 is detailed in the table below

Reasons for applying sanctions	Number of sanctions imposed
Failure to comply with interview requirement	1,020
Failure to undertake reasonable job search	80
Fail to meet other work related requirements	20
Left work voluntarily / or lost job through misconduct	20

# 11. Forward Look

**11.1** In order to meet legislative requirements, the Department for Communities plans to produce a similar Annual Report for the 2019/20 financial year.

**11.2** The legislation and funding for mitigation payments will end in March 2020. Decisions on the provision of any future mitigation measures from April 2020 will be a matter for incoming Ministers.

**11.3** In line with the Fresh Start Agreement the Department completed a review into the Welfare Mitigation Schemes that was published on 25 March 2019 and covered the following areas:

- The development and implementation of the existing mitigation schemes
- Review of the funding and expenditure of the existing mitigation schemes
- Review of the effectiveness of the legislation to deliver the existing mitigation schemes

- A 'Forward Look' that covered:
  - The impact of the cessation of the mitigation schemes
  - Estimate of costs to continue with mitigation
  - Options available for continued mitigation

**11.4** Following publication of the report the Department held a series of public engagement events with key stakeholders, primarily the Advice Sector, voluntary / community groups and Housing Associations, to gain feedback on the review into the mitigation schemes.

**11.5** The Department is considering all the evidence of the potential impact which might arise from the termination of the welfare mitigation package and these issues are being considered by officials to ensure that appropriate advice is available for an incoming Minister.

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# Appendices

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# Mitigation Scheme Funding

ITEM – Welfare Reform	16/17	17/18	18/19	19/20	Total
CARERS – full compensation for one year plus exemption from benefit cap	2	7	7	2	18
Adult ill health Employment and Support Allowance – supplementary payments for one year	17	7	–	–	24
Disability – Disability Living Allowance					
i) payment up to appeal	1	15	14	14	44
ii) 75% if loss £10+ (for one year)	1	10	14	12	36
iii) conflict-related lower rate of Personal Independence Payment (for one year)	0	4	4	6	14
Additions to benefit – Adult Disability Premium (IR benefits) supplementary payments for one year	1	6	12	8	27
BENEFIT CAP – exemption for families	1	8	8	8	25
DISCRETIONARY SUPPORT SCHEME – 50%	8	8	8	8	31
SOCIAL SECTOR SIZE CRITERIA ('BEDROOM TAX') – full	15	24	26	26	91
<b>SUBTOTAL (£m) Welfare Reform</b>	<b>46</b>	<b>89</b>	<b>93</b>	<b>84</b>	<b>310</b>
ITEM – Tax Credits Mitigation: Universal Credit	16/17	17/18	18/19	19/20	Total
Universal Credit Payment flexibilities	5	9	5	5	25
Administration of support for Universal Credit	–	2	2	2	7
Support for Universal Credit	–	35	35	35	105
DISCRETIONARY SUPPORT SCHEME – 50%	8	8	8	8	31
Financial Capability	0.7	0.7	0.7	0.7	2.7
<b>SUBTOTAL (£m)</b>	<b>14</b>	<b>55</b>	<b>51</b>	<b>51</b>	<b>171</b>
ITEM – Administration	16/17	17/18	18/19	19/20	Total
Administration of mitigation scheme	5	5	5	5	20
<b>SUBTOTAL (£m)</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>20</b>
	16/17	17/18	18/19	19/20	Total
<b>TOTAL (£m)</b>	<b>64</b>	<b>149</b>	<b>149</b>	<b>140</b>	<b>501</b>

Totals may not sum due to rounding.

**Note:** the additional £8m funding for independent advice services sits outside the above funding.

## Reports required under the Social Security (Northern Ireland) Order 1998

Article 76 (as amended by Article 125 of the Welfare Reform (Northern Ireland) Order 2015)	Scheme covered
(1) The Department shall prepare, either annually or at such times or intervals as may be prescribed, a report on - (b) the standards of advice and assistance provided under Article 138 of the Welfare Reform (Northern Ireland) Order 2015	Standard of advice and assistance for persons making a claim under the order in connection with that claim.
(c) the operation of sanctions. (1A) For the purposes of paragraph (1)(c) a sanction is— (a) the reduction in the amount of an award of universal credit, a jobseeker's allowance, income support or an employment and support allowance on account of a failure by a person to comply with any requirement or any other conduct of a person (b) the loss of, or reduction in the amount of, any sanctionable benefit under the Social Security Fraud Act (Northern Ireland) 2001 (1B) A report under paragraph (1)(c) must contain details of— (a) the number of persons affected by sanctions (b) the periods for which such persons are affected (c) the reasons for which sanctions are imposed (d) the benefits or allowances which are reduced or lost	Operation of sanctions

## Reports required under the Welfare Reform (Northern Ireland) Order 2015

Article 135	Scheme covered
(6) The Department shall, in respect of each financial year, prepare and lay before the Assembly a report on the operation of regulations made under this Article.	Discretionary Support – operation of regulations
Article 137	
(4) The Department shall, in respect of each financial year in which payments are made, prepare and lay before the Assembly a report on the payments made in that year.	Welfare Supplementary Payment Schemes – payments made
Article 137A*	
(8) The Department shall, in respect of each financial year in which payments are made, prepare and lay before the Assembly a report on the payments made in that year.	Social Sector Size Criteria – payments made

\*This was inserted by Article 19 of The Welfare Reform and Work (Northern Ireland) Order 2016.

The former Minister for Communities also committed the Department to reporting biannually on the number of households who have their Welfare Supplementary Payment stopped as a result of the change-of-address policy outlined in regulation 2(2) of the Housing Benefit (Welfare Supplementary Payment) Regulations (Northern Ireland) 2017.



## Programme costs for each Welfare Supplementary Payment Scheme in the 2018/19 financial year<sup>7</sup>.

Welfare Supplementary Payment Scheme	Number of claimants who received Welfare Supplementary Payments 2018/19	Total Amount Paid 2018/19
Benefit Cap	1,840	£2,247,320
Contributory Employment and Support Allowance	600	£815,310
Personal Independence Payment	26,720	£29,963,960
Loss of Disability-Related Payments	2,460	£4,287,300
Loss of Carer Payments	2,700	£3,502,590
Social Sector Size Criteria	38,270	£21,331,580
<b>TOTAL</b>	<b>72,590</b>	<b>£62,148,060<sup>8</sup></b>

## Universal Credit Contingency Fund costs in the 2018/19 financial year

Universal Credit Contingency Fund	Number of claimants who received payments	Total Amount Paid
	4,230	£571,600

<sup>7</sup> Figures are rounded to the nearest ten to protect individual records and totals may not sum due to rounding.

<sup>8</sup> Includes £995,810 paid to 2,540 Universal Credit claimants – for further details see section 6.

## Benefits included in the Benefit Cap calculation

The Benefit Cap will apply to the combined income from the following benefits:

- Bereavement Allowance(BAIIce) / Widowed Parent's Allowance (WPA)
- Child Benefit (ChB)
- Child Tax Credit (CTC)
- Employment and Support Allowance (ESA) (contribution-based and income-related) except where the Support Component has been awarded
- Housing Benefit (HB)
- Incapacity Benefit (IB)
- Income Support (IS)
- Jobseeker's Allowance (JSA) (contribution-based and income-based)
- Maternity Allowance (MA)
- Severe Disablement Allowance (SDA)
- Widowed Mother's Allowance (WMA)
- Widow's Pension (WP)
- Widow's Pension (age-related)

### Households not affected by the Benefit Cap

The Benefit Cap does not apply to households living in Supported Exempt Accommodation.

It does not apply if the claimant or their partner qualify for Working Tax Credit or if the claimant, partner or any children they are responsible for, and who live with them, receive one of the following benefits:

- Attendance Allowance
- Carer's Allowance
- Disability Living Allowance
- Personal Independence Payment
- Employment and Support Allowance (where the Support component has been awarded)
- Guardian's Allowance
- Industrial Injuries Benefit
- Armed Forces Compensation Scheme (Guaranteed Income Payments)
- Armed Forces Independence Payment
- War Pensions (this includes the War Widow's/Widower's pension and War Disablement Pension)

One off payments such as Discretionary Support Service payments, Bereavement payments, Cold Weather and Winter Fuel payments are excluded from the calculation.

This list is not exhaustive.



Available in alternative formats