

# Welfare Reform

On 16 February 2011 the Welfare Reform Bill was introduced to Parliament. The Bill legislates for the biggest change to the welfare system for over 60 years.

It introduces a wide range of reforms to make the benefits and tax credits systems fairer and simpler by creating the right incentives to get more people into work by ensuring work always pays, whilst protecting the most vulnerable in our society

Full information about the Welfare Reform Bill is available on the [DWP website](#). This fact sheet provides a summary of the key areas of welfare reform, and provides links to further information.

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## The Work Programme

We are radically simplifying the back to work system and replacing existing employment schemes, pilots and projects with the new Work Programme. The Work Programme will be an integrated package of support providing personalised help for a wide range of customers.

The Work Programme will be a core contracted programme offering personalised help to a range of customers delivered through contracted out provision.

We aim to introduce this by summer 2011.

[More information.](#)

## Get Britain Working measures

We have set out a number of major welfare to work reforms which aim to fight poverty, support the most vulnerable and help people break the cycle of benefit dependency.

### Work Clubs

The main aim of Work Clubs is to help people make the most of local knowledge and resources to help unemployed people in their communities gain employment. They will empower local communities and encourage people to work together to offer additional support to the unemployed.

[More information.](#)

### Work Experience

Work Experience will help young people gain the experience they need to secure a job before they become eligible for the Work Programme.

Young people undertaking a Work Experience placement will continue to receive their benefit and continue to look for permanent work. We will cover the costs of travel and childcare if required.

[More information.](#)

## Enterprise Clubs

The main aim of Enterprise Clubs is to help people make the most of local knowledge and resources to help unemployed people in their communities set themselves up as self-employed or start their own business.

[More information.](#)

## Service Academies

Service Academies will offer sector-specific pre-employment training and work placements. The initial focus will be on retail and hospitality sectors.

[More information.](#)

## Mandatory Work Activity

For all jobseekers who spend two years unemployed during a three year period there will be four weeks mandatory participation in activity of benefit to local communities.

More information will follow.

## New Enterprise Allowance

Extra help is available to unemployed people who want to start their own business through the New Enterprise Allowance.

Customers will get access to a business mentor who will provide guidance and support as they develop their business idea and through the early stages of trading.

Customers will also have access to a financial support for up to six months.

[More information.](#)

## Work Together

We aim to activate all unemployed benefit recipients by encouraging and promoting the take up of volunteering opportunities in their local communities. The voluntary and community sector can play a significant role in supporting the delivery of Work Together, both locally and nationally.

[More information](#)

## Incapacity benefits – reassessing claims

Between October 2010 and Spring 2014 customers who receive Incapacity Benefit, Severe Disablement Allowance, or Income Support paid on the grounds of illness or disability will be assessed for Employment and Support Allowance.

People who are capable of work will move onto Jobseeker's Allowance where they satisfy the conditions of entitlement for that benefit.

People who need more support while they prepare for work will get that help on Employment and Support Allowance.

Those people who are most disabled or terminally ill will not be expected to look for work and will get the extra support they need on Employment and Support Allowance.

[More information.](#)

## Limiting the length of time contributory ESA can be claimed

People who are assessed as being able to undertake work-related activity to help move them back to work should not be able to remain on contributory Employment and Support Allowance for an unlimited period.

Therefore from April 2012, the length of time people in the Work Related Activity Group can claim contributory Employment and Support Allowance will be limited to one year.

[More information \(Welfare Reform Bill 2011\).](#)

## Fraud and Error

We are determined to stamp out fraud in the benefits and tax credits system. The Government will introduce tougher sanctions for fraudsters, including:

- a minimum £350 financial penalty as an alternative to prosecution
- the extension of existing loss of benefit sanctions for repeat offenders
- a £50 civil penalty for those who fail to take reasonable care of their claim and knowingly let a change in circumstance run on and incur an overpayment.

[More information \(Welfare Reform Bill 2011\).](#)

## Universal Credit

The current system of means tested working-age benefits and tax credits will gradually be replaced by the Universal Credit, which will begin in 2013.

Universal Credit will make the benefits of work clearer and simpler: encouraging people to move into work and see the financial benefits of increasing the number of hours they work.

[More information.](#)

## Benefit cap on households

From 2013, Government will introduce a cap on the total amount of benefit that households can receive so that workless households will no longer receive more on benefit than working households receive in wages.

On its introduction in 2013, it is estimated that the cap will be set at around £500 per week for couple and single parent households.

There will be a benefit cap of around £350 per week for single adult households. Initial estimates are that 50,000 workless households will have their benefit capped.

[More information \(Welfare Reform Bill 2011\).](#)

## Changes to benefit requirements for lone parents

Prior to November 2008 lone parents could claim Income Support until their youngest child reached 16. This age is now being progressively reduced.

Most lone parents whose youngest child is seven years old who have made a new or repeat claim for benefit since October 2010 need to claim Jobseeker's Allowance or Employment and Support Allowance rather than Income Support.

[More information \(Welfare Reform Bill 2011\).](#)

## Housing Benefit Reform

Currently single people under 25 years old who claim Housing Benefit under Local Housing Allowance rules and live in private rented sector accommodation receive the rate for a single room in a shared house, rather than the rate for a self-contained one-bedroom property.

From April 2012, the age threshold will be increased so that the Local Housing Allowance Shared Room Rate for Housing Benefit will apply to people living in private rented accommodation who are aged between 25 and 35.

From April 2011 Government will restrict the maximum Local Housing Allowance level to the four bedroom rate and apply overall weekly caps.

[More information \(Welfare Reform Bill 2011\).](#)

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Department for  
Work and Pensions