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The aims of ten years of welfare reform (2010-2020)

By Frank Hobson

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Summary

1.1 Ten years of reform

In the ten years since the Coalition Government's first Budget in June 2010, a lot has changed in the UK's social security system. Millions of households today claim benefits that did not exist in 2010. They do so in different ways, under different conditions, and often receive different entitlements than a decade ago.

As we approach the anniversaries of many of the early landmarks in this period of welfare reform, the Commons Library is producing a series of briefings exploring the changes. It will include papers looking at the aims of welfare reform, welfare spending, disability benefit reform, changes in how benefits are claimed and paid, employment support and benefit sanctions, and the reform of housing support.

1.2 The aims of welfare reform

This first briefing looks at the *aims* which governments since 2010 have set out to justify major welfare reforms.

It focuses on how the Coalition and Conservative governments since 2010 explained and justified the major changes they introduced. Other briefings in this series will discuss the effects of welfare reform and wider policy debates.

The aims of ten years of welfare reform has two parts:

- **Sections 1 to 3** describe in chronological order three phases of reform, setting out the aims of policy changes under:
  - The Coalition Government (2010-2015)
  - The Conservative governments from 2015 to 2019
  - The coronavirus crisis (2020)
- **Section 5** includes a table which outlines major welfare reforms in the last decade, their legislative background, aims, and further reading.

1.3 Major periods of change

There have been two major periods of change to primary legislation, following general elections in 2010 and 2015. Common threads ran through both. Successive governments have consistently aimed to limit spending on working age benefits, protect pensioners, encourage work wherever possible, and simplify the system.

The Coalition Government's first Budget in June 2010 introduced early measures – which were later reinforced by other legislative measures – to restrict spending growth on certain working age benefits and protect pensioner benefits. Alongside other major changes, the *Welfare Reform Act 2012* legislated for Universal Credit and Personal Independence Payment. Now claimed by millions, rolling out these benefits has been a central focus of Government social security policy ever since.

Reforms have continued throughout the period of Coalition and Conservative governments. The incoming Conservative Government in 2015 aimed to deliver a further £12 billion of savings by 2019-20 through a package of measures in the Summer Budget of 2015 and the *Welfare Reform and Work Act 2016*. Subsequent budgets have increased payments for certain claimants.

Increases to some benefits and administrative changes made in response to the 2020 coronavirus pandemic have been a major departure from policy over the past decade. Much of this is temporary, but the long-term effect remains uncertain at the time of writing.

2. The Coalition (2010-2015)

The first two years of the Coalition Government set in train many of the most significant welfare reforms of the last decade. The June 2010 Budget was the first of several fiscal events designed to make the welfare system "fair and affordable."[1] The *Welfare Reform Act 2012* legislated for huge changes such as the introductions of Universal Credit (UC) and Personal Independence Payment (PIP), as well as a range of other high-profile reforms such as the 'benefit cap.'

2.1 Early discussion of the aims of welfare reform

The full extent of the welfare reform programme was not immediately clear in 2010. The Coalition Agreement, signed by David Cameron and Nick Clegg in the days after the 2010 General Election, had a section on "jobs and welfare" which focused its objectives on encouraging work through support, conditionality, and reassessing disability benefit claimants:

> The Government believes that we need to encourage responsibility and fairness in the welfare system. That means providing help for those who cannot work, training and targeted support for those looking for work, but sanctions for those who turn down reasonable offers of work or training.[2]

Neither the Agreement nor the Conservative or Liberal Democrat manifestos detailed the key reforms the Government would subsequently adopt. The Liberal Democrats promised to "target payments towards those who need them most,"[3] while the Conservatives committed to being "fair but firm" with unemployed benefit claimants, providing a "hand up" through support, work requirements and conditionality.[4]

These principles would be central to later reforms, but only the Coalition Agreement's promise to "investigate how to simplify the benefit system in order to improve incentives to work"[5] hinted at plans for Universal Credit which would later emerge.

2.2 Finding savings in the Budget

The first major welfare decisions made by the Coalition Government were fiscal. The June 2010 Budget included significant "welfare reform savings" as part of a fiscal consolidation.[6] Within a broader programme of deficit reduction, the stated aim of these savings was to reward work and protect the most vulnerable:

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1 HM Treasury, Budget 2010, HC 61, 22 June 2010, p33
2 HM Government, The Coalition: our programme for government, 20 May 2010, p23
3 Liberal Democrats, Manifesto 2010: Change that works for you, 14 April 2010
4 The Conservative Party, Manifesto 2010: Invitation to join the Government of Britain, 12 April 2010
5 HM Government, The Coalition: our programme for government, 20 May 2010, p23
6 HM Treasury, Budget 2010, HC 61, 22 June 2010, p2

> This Budget takes urgent action to eliminate the bulk of the structural deficit through plans for additional consolidation of £40 billion per year by 2014-15. These plans include:
>
> […]
>
> - as part of these spending reductions, the Budget announces £11 billion of welfare reform savings designed to reward work and protect the most vulnerable, including adopting the Consumer Prices Index for the indexation of benefits, tax credits and public service pensions from April 2011.[7]

As would be the case with later governments, the greatest savings were made through changes to benefits uprating. This included switching to Consumer Prices Index (CPI) based indexation of benefits from April 2011, meaning that when benefit levels were set each year they would increase in relation to a measure of inflation which tends to be lower than had been used previously.[8] The Budget also reduced the amount of support available to private renters through the Local Housing Allowance (LHA) from the median local rent to the 30th percentile. After 2013, this too would be indexed to CPI.

Several other less fiscally significant savings such as limiting Sure Start Maternity Grants to the first child were also included.[9]

The Budget also protected certain groups. It announced the 'triple lock' for the State Pension, which guaranteed that payments would go up each year by the highest of earnings, prices or 2.5%.[10] As a result pensions would, over time, grow at a faster rate than working age benefits or wages.[11]

Within a Budget and later Spending Review aimed at "controlling the costs of tax credits" in order to "provide a fair and affordable platform for the introduction of the Universal Credit,"[12] the Treasury also initially planned above-inflation increases in the child element in Child Tax Credit in both 2011 and in 2012. As a result, the Government promised the Budget would have "no measurable impact on child poverty in the next two years."[13] However, in his Autumn Statement 2011, the Chancellor announced that the additional increase in the child element of Child Tax Credit over and above CPI would not go ahead in the second year.[14]

Taken together, these fiscal events established a pattern that has been sustained since: protections for pensioners and, sometimes, other specific groups, set against attempts to bear down on expenditure on working age benefits.

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7 HM Treasury, Budget 2010, HC 61, 22 June 2010
8 See Office for Budget Responsibility, The long-run difference between RPI and CPI inflation, November 2011
9 HM Treasury, Budget 2010, HC 61, 22 June 2010, p40
10 HM Treasury, Budget 2010, HC 61, 22 June 2010
11 See State Pension triple lock, Commons Library Briefing Paper CBP-7812, 25 June 2020
12 HM Treasury, Spending Review 2010, Cm 7942, 20 October 2010 Box 2.6, p68
13 HM Treasury, Budget 2010, HC 61, 22 June 2010
14 HM Treasury, Autumn statement 2011, Cm 8231, 29 November 2011

Welfare spending over the last decade will be explored in an upcoming paper as part of this series.

2.3 The *Welfare Reform Act 2012*

The most significant reforms to working age benefits in the last decade were introduced by the *Welfare Reform Act 2012*. The centrepiece of this, which would be the highest profile reform of the period, was Universal Credit, a single benefit to replace six working age 'legacy benefits' and tax credits. The 2012 Act also introduced Personal Independence Payment, a benefit designed to help people with the extra costs of disability or ill health, to replace Disability Living Allowance (DLA) for working age adults.

Besides these two new benefits, this Act also legislated for a number of other significant changes, many of which would apply to claimants of both these new benefits and the ones that were to be replaced. These included:

- Restricting Housing Benefit entitlement to social housing tenants whose accommodation is deemed larger than they need – the 'under-occupation deduction.'
- Uprating Local Housing Allowance (LHA) rates, which limits levels of housing support for private renters, by the Consumer Prices Index (CPI) rather than local rental prices.
- Time-limiting the payment of contributory Employment and Support Allowance (ESA) to twelve months for claimants in the 'Work-Related Activity Group'.
- Capping the total amount of benefit that can be claimed by a household – the 'benefit cap.'
- Abolishing the discretionary Social Fund.
- Abolishing Council Tax Benefit and replacing it with localised support.
- Introducing stricter conditionality and sanction regimes for Jobseekers Allowance and Employment and Support Allowance, as well as in Universal Credit.
- Introducing 'mandatory reconsideration' rules stipulating that a claimant's right of appeal against a benefit decision can only be exercised once the decision has been the subject of reconsideration by a Department for Work and Pensions (DWP), HMRC or local authority decision maker.

Although some of these changes, such as the benefit cap and time-limiting contributory ESA, were made with the clear intention of reducing expenditure, each change was also justified in other terms.[15]

For example, uprating the Local Housing Allowance by CPI, rather than linking maximum housing support for private tenants to a specified level of local rental prices, was intended both to manage rising expenditure,

[15] See the table in section 5

and to put downward pressure on the rental market.[16] Introducing rules to restrict entitlement for social housing tenants, sometimes referred to as the 'removal of the Spare Room Subsidy' or the 'bedroom tax,' was justified both by the need to reduce expenditure on Housing Benefit, and in order to secure behavioural changes amongst social housing tenants.[17]

The "rising cost of welfare dependency and poverty" was cited as a concern motivating the introduction of Universal Credit,[18] and the Government hoped that Personal Independence Payment[19] would "deliver savings of 20% of working age expenditure" compared with DLA.[20] However, both these new benefits were not justified solely as cost-cutting measures. Indeed, preliminary analysis suggested that Universal Credit would be "more expensive than the existing regime by £1.7 billion per year in the long run."[21] Though later decisions, particularly in the Summer Budget of 2015,[22] would change this.

The aims the Government set out for each of these reforms can be found in the table in section 5. Section 1 explores the aims the Government set out for the two new benefits that were Introduced by the *Welfare Reform Act 2012*, as those benefits left outside of Universal Credit.

2.4 Universal Credit

The most significant reform introduced by the *Welfare Reform Act 2012* was Universal Credit, a benefit which is still in the process of replacing six existing means-tested benefits and tax credits for working-age households. It is available both to those who are in, and out of, work, and is calculated and paid on a household-wide basis.

Although the party manifestos and Coalition Agreement in 2010 had not laid out detailed plans for welfare reform of this scale, the ideas that eventually became Universal Credit, and the concerns motivating them, were decades in development.

The Government's July 2010 Green Paper, '21st Century Welfare,' summarised problems with the current benefits and tax credit system as follows:

> Our welfare system has failed to keep up with the pace of change in the economy and society. Successive governments have made piecemeal reforms without rationalising the overall landscape.
>
> There are two key problems.

[16] HC Deb 9 March 2011 c927
[17] See Under-occupying social housing: Housing Benefit entitlement, Commons Library Briefing Paper SN06272, 1 November 2019
[18] Department for Work and Pensions, Universal Credit: welfare that works, Cm 7957, 11 November 2010, p11
[19] See The introduction of Personal Independence Payment, Commons Library Briefing Paper SN06861, 16 June 2015
[20] HC Deb 18 October 2010 c453w
[21] Institute for Fiscal Studies, Universal Credit: A Preliminary Analysis, IFS Briefing Note 116, 12 January 2011, p37
[22] See section 2 below

> 1. Work incentives for some groups are poor:
>
> - interactions between benefits and Tax Credits make the transition to work risky and uncertain;
> - the financial incentives to enter work at less than 16 hours are relatively low: this works against the successes of the strong conditionality regime; and
> - the rate at which benefits and Tax Credits are withdrawn as earnings increase means that some people see no more than a few pence for every extra £1 earned – resulting in the perception that work does not pay.
>
> 2. The system is too complex:
>
> - for claimants – arising from the interaction between different benefits and Tax Credits and layers of previous reforms, with many different benefits addressing the same underlying issue and entitlement to benefit paid by one agency affecting the benefit payable by another; and
> - to administer – where people may need to provide the same information to different agencies, often through paper-based transactions.
>
> As a result we have rising costs of state support – including waste through unproductive administration, error and fraud – accompanied by high rates of welfare dependency and poverty.[23]

These problems were not new when Universal Credit was proposed. For example, simplifying the system and ensuring withdrawal of benefits did not disincentivise work through high effective tax rates had been key features of the 'Fowler Reviews' of social security in the mid-1980s.[24] Withdrawal rates and work incentives have been a concern since the benefits system began systematically supporting people in low paid work when the Heath Government introduced Family Income Supplement. In his March 1998 Financial Statement, the then Chancellor Gordon Brown promised that "tackling the poverty trap" would also be a key aim as the Labour Government introduced tax credits in the late 1990s.[25]

Many features of the 'legacy benefits' which Universal Credit is replacing would also be imported into the new benefit. The treatment of savings, the calculation of housing support, and the process for assessing capability for work are all similar in both the old and new systems. The work-related requirements in Universal Credit built upon existing benefit conditionality regimes that had continued to develop under successive governments.[26] And part 2 of the *Welfare Reform Act 2012* would align certain aspects of Employment and Support Allowance and Jobseeker's Allowance conditionality with Universal Credit.[27]

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23 Department for Work and Pensions, 21st Century Welfare, Cm 7913, 1 July 2010, p7
24 HC Deb 3 June 1985 c34
25 HC Deb 17 March 1998 c1105
26 Jobseeker's Allowance, Commons Library Research Paper RP96/5, 16 January 1996
27 See Benefit Claimants Sanctions (Required Assessment) Bill 2016-17, Commons Library Briefing Paper CBP-7813, 30 November 2016

The major innovation of the programme was its ambition to bring a number of different benefits into one in order to address the issues identified in '21st Century Welfare' wholesale, rather than piecemeal. In a report detailing the history of Universal Credit up to 2016, the social policy commentator and historian, Nicholas Timmins, points out that "[q]uite how far back one could or should go to trace the roots of Universal Credit is a matter of taste and judgement."[28]

As Timmins describes, both the previous Labour Government and the then future Conservative Secretary of State for Work and Pensions, Iain Duncan Smith, had investigated the possibility of a 'single working-age benefit' with the aim of simplifying the system and improving work incentives. Of particular importance was a Centre for Social Justice (then chaired by Duncan Smith) 2009 report 'Dynamic Benefits,' which made detailed proposals for a new system of "Universal Credits." This aimed to create:

> …a simplified system that provides greater rewards for work. It maximises the number of working-age households with at least one member in work – thereby directly tackling severe poverty and increasing the life chances of adults and children – while ensuring all households receive a fair minimum income.[29]

Cross-party support for some of the principles underpinning Universal Credit continued into the period of the Coalition Government. The then Shadow Secretary of State for Work and Pensions, Liam Byrne, moved an amendment declining to support the Second Reading of the then *Welfare Reform Bill* in 2011, but "affirming [the House's] belief in the principle of simplifying the benefits system and good work incentives".[30] He went on to add:

> There are some principles in the Bill that we support. The principle of universal credit builds on the changes that we made to ensure that work pays, and we welcome some of the proposed reforms to the claimant commitment.[31]

The aims of Universal Credit were articulated slightly differently in documents and in parliamentary debates leading up to the introduction of the new benefit, although greater simplicity and better work incentives were consistent themes. The Coalition Government, summarising its reforms toward the end of its term, outlined the following aims:

> We began to introduce Universal Credit in 2013. It brings together a range of working-age benefits into a single payment. Universal Credit will:
>
> - encourage people on benefits to start paid work or increase their hours by making sure work pays
> - make it easier for people to manage the move into work

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28 Nicholas Timmins, Institute for Government, Universal Credit: From disaster to recovery? 6 September 2016, p12

29 Centre for Social Justice, Dynamic Benefits: Towards welfare that works, 16 September 2009, p25

30 HC Deb 9 March 2011 c934

31 HC Deb 9 March 2011 c937

- simplify the system, making it easier for people to understand, and easier and cheaper for the government to administer
- reduce the number of people who are in work but still living in poverty
- reduce fraud and error[32]

2.5 Benefits outside Universal Credit

The authors of 'Dynamic Benefits' had intended that more benefits would be replaced by "Universal Credits" than was ultimately the case.[33] These included the non-means tested 'extra costs' benefit Disability Living Allowance and Council Tax Benefit. Child Benefit was also considered. Including these would have made Universal Credit the near-comprehensive benefit for working aged people, excluding only contributory entitlements and benefits for people in particular circumstances, such as Carers Allowance and Industrial Injuries Disablement Benefit.

According to Nicholas Timmins' 2016 report, Lord Freud, the then Minister for Welfare Reform, has since explained that including non-means tested benefits such as DLA and Child Benefit into a single means-tested benefit would have been too politically difficult:

> You basically can't afford when you introduce these things to go to war with virtually everyone. So we took those two things out and we concentrated on the real means-tested bits.[34]

Instead, the Coalition Government replaced DLA (for working age people) with Personal Independence Payment.

Although Child Benefit was not replaced, the Coalition Government introduced the High-Income Child Benefit Charge (HICBC) in order to reduce and remove entitlement from households with anyone earning above £50,000 a year.[35]

As part of the Coalition Government's localism agenda, a separate decision was taken to localise support for Council Tax from 2013-14 and to reduce expenditure on this benefit by 10%.[36]

Given that Universal Credit was designed to incentivise work, the inclusion of state benefits for people of pension age was not considered. Nonetheless, the Government did reform the State Pension system, which it believed had become too complex, reliant on means testing and unfair to certain groups. As part of these State Pension

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32 Department for Work and Pensions, 2010 to 2015 government policy: welfare reform, 8 May 2015

33 Centre for Social Justice, Dynamic Benefits: Towards welfare that works, 16 September 2009

34 Quoted in Nicholas Timmins, Institute for Government, Universal Credit: From disaster to recovery? 6 September 2016

35 See High Income Child Benefit Charge in the table in section 5

36 See Department for Communities and local Government, Localising Support for Council Tax in England, August 2011, Localising support for Council Tax - background, Commons Library Briefing Paper SN06101, 24 June 2013, and Nicholas Timmins, Institute for Government, Universal Credit: From disaster to recovery? 6 September 2016, p31

reforms, Savings Credit was removed from means tested Pension Credit for people reaching State Pension age from 6 April 2016, but the basic structure of means-tested pensioner support did not change beyond this.

Support for older people facing the extra costs of disability or ill health through Attendance Allowance has not been reformed. Later Conservative governments did consult on "giving more responsibility to councils in England, and to Wales, to support older people with care needs – including people who, under the current system, would be supported through Attendance Allowance,"[37] but later dropped these plans.[38]

Personal Independence Payment

PIP is replacing DLA for people of working age. Like DLA, PIP is non-means tested and is intended to help with the extra costs arising from ill health or disability. It has two components: a 'mobility component,' based on an individual's ability to get around; and a 'daily living' component, based on ability to carry out various day to day activities.

In its structure and levels of payment, PIP does not look radically different to DLA. However, the Coalition Government had concerns that the assessment process for DLA was failing to identify genuine need and that the cost of the benefit had grown to a level that was unsustainable. After the June 2010 Budget, where DLA reform was announced, the DWP explained:

> Disability Living Allowance (DLA) was originally designed to give those with severe disabilities extra help so they could live with dignity and independence in their own homes. While we are absolutely committed to supporting vulnerable disabled people, over the last decade the system has become open to abuse and the numbers claiming has steadily increased. In just eight years the numbers claiming DLA have risen by more than half a million.
>
> DLA awards can be decided on the basis of self-reporting of need and, although medical assessments are sought for certain awards, these are not mandatory. We believe support must be offered on the basis of genuine need.
>
> That's why we're taking the decision to reassess everyone of working age on DLA, and ensure everyone in the future goes through a proper gateway to claim the benefit.[39]

The Coalition Government argued that one problem with DLA was that there was "no system to check whether awards remain correct".[40] The Government promised in the June 2010 Budget to:

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37 Ministry of Housing, Communities & Local Government, The provisional Local Government Finance Settlement 2016-17 and an offer to councils for future years, 17 December 2015

38 Ministry of Housing, Communities & Local Government, Supporting local government, 19 January 2017

39 Department for Work and Pensions, Fairness and reform at the heart of Budget settlement, 22 June 2010

40 See Disability Living Allowance Reform, Commons Library Briefing Paper SN05869, 14 February 2011, section 4.7

> introduce the use of objective medical assessments for all DLA claimants from 2013-14 to ensure payments are only made for as long as a claimant needs them.[41]

The key reform in PIP was a "new, fairer, objective assessment" that would provide a more holistic assessment of the impact of a health condition or impairment on an individual's ability to participate in everyday life.[42]

The 2010 Coalition Government believed that PIP would have certain advantages over DLA:

- targeting support at those most in need of support;
- being more responsive as claimants' circumstances change;
- providing a fairer, transparent and consistent assessment of need; and
- being easier for claimants, staff and disability organisations to understand.[43]

The Government also made it clear that a key aim for the new benefit was to reduce the working age caseload and expenditure on disability benefits by 20%. In a written answer in October 2010, Maria Miller, the then Minister for Disabled People, said:

> The new assessment, which we are developing with the help of specialists in the fields of health and disability and representatives of disabled people, is being designed to assess more accurately, objectively and consistently those disabled people who would benefit from support to reduce the barrier they face to participating in society as a result of their disability. One factor being considered in developing options for the new assessment is the need for reform of disability living allowance to deliver savings of 20% of working age expenditure.[44]

Bereavement Support Payment

From 2001, there were three bereavement benefits paid to surviving spouses and civil partners following widowhood:

- Bereavement Payment – a £2,000 tax-free lump sum.
- Bereavement Allowance – a taxable weekly benefit payable for 52 weeks to people aged 45 or over on the death of their spouse or civil partner.
- Widowed Parent's Allowance – a taxable weekly benefit worth up to £121.95 a week in 2020/21 for spouses/civil partners responsible for a child or young person for whom they are eligible to receive Child Benefit.[45]

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[41] HM Treasury, Budget 2010, HC 61, 22 June 2010, p33
[42] Department for Work and Pensions, Disability Living Allowance reform, Cm 7984, December 2010
[43] Department for Work and Pensions, Disability Living Allowance reform, Cm 7984, December 2010, Summarised in National Audit Office, Personal Independence Payment: early progress, HC 1070 2013-14, 27 February 2014, para 1.5
[44] HC Deb 18 October 2010 c453w
[45] See Bereavement Support Payment, Commons Library Briefing Paper CBP-7887, 19 June 2017, p5

Given their purpose, payment structures and eligibility criteria, these benefits could never easily be included in Universal Credit. In 2011 the Coalition Government launched a consultation on major changes to bereavement benefits. This consultation document pointed to "complexity" in pre-existing bereavement benefits and "disincentive[s] to maintain contact with the labour market."

It made proposals for major changes to bereavement benefits, with the aim of simplifying the system by moving to a more uniform structure. Support would be focused on the period immediately following bereavement, and the contribution conditions would be simplified with a single rule irrespective of age and child dependent status. The aims set out for "modernised bereavement benefits" were:

- they should be simple to understand and to claim;
- they should provide fast, direct, financial help for immediate needs following the bereavement of a spouse or civil partner;
- they should give recipients the flexibility they need to regain control of their situation in the period immediately following bereavement;
- there should be additional support for families, to recognise the additional costs associated with raising children;
- they should allow recipients to access the financial and work focused support provided by Universal Credit at a time that is right for them; and
- they should be fair and promote self-dependency.[46]

The Government subsequently announced that it intended to replace the three existing bereavement benefits with a single benefit to be known as Bereavement Support Payment (BSP), introduced from April 2017 and legislated for in part 5 of the *Pensions Act 2014*.

BSP comprises an initial lump-sum payment of £3,500 for those with dependent children followed by 18 monthly payments of £350; and a lump-sum payment of £2,500 plus 18 monthly payments of £100 for those without children. It is payable to people whose spouses and civil partners have died and who meet the contribution criteria.[47]

Localising support for Council Tax

The 2011 Consultation paper, 'Localising Support for Council Tax England' set out the Coalition Government's policy for localising assistance with Council Tax payments. The Government had already taken the decision to reduce expenditure on Council Tax Benefit by 10%.

[46] Department for Work and Pensions, Bereavement Benefit for the 21st Century, Cm 8221, 12 December 2011

[47] See Bereavement Support Payment, Commons Library Briefing Paper CBP-7887, 19 June 2017

Reasons cited for the change included giving local authorities a degree of control over how the 10% reduction in expenditure on the Council Tax Benefit bill from 2012/13 would be achieved. Localisation, the then Department for Communities and Local Government (DCLG) estimated, would help reduce the budget by £470 million per annum in Great Britain.[48]

The Department also said the change would create an incentive for councils to encourage people into employment, give authorities a greater stake in local economies, and increase local accountability.[49]

The new State Pension

Governments since 2010 have changed the pension landscape significantly with reforms such as automatic enrolment and flexibility and freedom of choice reforms. The value of the State Pension, relative to working age support, would be protected through the 'triple lock' promised in the Coalition Agreement:

> We will restore the earnings link for the basic state pension from April 2011 with a "triple guarantee" that pensions are raised by the higher of earnings, prices or 2.5%.[50]

However, the Coalition Government believed that successive reforms undertaken by previous Governments had created problems. In April 2011, the Department for Work and Pensions produced a Green Paper outlining these concerns:

> Three main problems have been highlighted in the state pension:
>
> • **The complexity and uncertainty of outcomes in the state pensio**n – makes it difficult for people to know what they will get when they retire, meaning it is more difficult to plan and save for retirement.
>
> • **High levels of means testing –** can deter people from saving as the incentives are not sufficiently clear and too many pensioners are forced to rely on Pension Credit to top up their income. Around a third of pensioners do not claim the Pension Credit they are entitled to.
>
> • **Significant inequality remains in the system –** groups such as women, the low paid and the self-employed tend to have lower state pensions.[51]

In order to address these issues the old two-tier system of a flat rate basic State Pension and a partially earnings-related additional State Pension was replaced with a single new State Pension for people reaching retirement age from April 2016.[52] A January 2013 White Paper set out the "four key outcomes" the Government sought to achieve:

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48 Department for Communities and Local Government, Local Government Finance Bill: Localising support for Council Tax. Updated impact assessment, June 2012, pp1, 6

49 Department for Communities and Local Government, Localising Support for Council Tax England, 2 August 2011, p10

50 HM Government, The Coalition: our programme for government, 20 May 2010

51 Department for Work and Pensions, A state pension for the 21st century, Cm 8053, April 2011, p13

52 Background on these reforms can be found in The new State Pension – background, Commons Library Briefing Paper SN06525, 30 August 2016

- improve clarity of outcomes by simplifying the state pension – complex and outdated aspects of the current system will be removed or modified;
- reduce means testing, altering the balance between means-tested and contributory support;
- bring forward the equalisation of state pension outcomes between men and women. The reforms will modernise the state pension system to reflect the lives and contributions of today's working age people, with the vast majority of people becoming entitled to a full state pension in their own right instead of relying on the National Insurance record of their spouse or civil partner;
- help to ensure the sustainability of the state pension in the longer term.[53]

The move to a simpler single tier new State Pension also allowed the Government to make changes to Pension Credit.[54] For people reaching State Pension age before April 2016, Pension Credit has two parts:

- Guarantee Credit, which provides financial help for people aged over the 'qualifying age' for Pension Credit (linked to the State Pension age) whose income is below a set amount; and
- Savings Credit, which is an extra amount for people aged 65 or over, who have made some provision for their retirement (such as savings, or a second pension).

As part of the State Pension reforms, Savings Credit was removed for people reaching State Pension age from 6 April 2016. The rationale was that, because the new State Pension would be set above the basic level of means-tested support, there would "no longer be a need for a complex savings reward under single tier."[55]

[53] Department for Work and Pensions, The single-tier pensions: a simple foundation for saving, Cm 8528, January 2013
[54] See Pension Credit – current issues, Commons Library Briefing Paper CBP-8153, 25 August 2020
[55] Department for Work and Pensions, The single-tier pension: a simple foundation for saving, Cm 8528, 14 January 2013

3. The Conservative governments (2015-2019)

By the time of the 2015 General Election, the new benefits introduced by the *Welfare Reform Act* 2012 were still in the early stages of rollout. They would continue to attract significant political attention and place burdens on the Department for Work and Pensions (DWP), which had been tasked with the delivery of those programmes, over the second half of the decade.[56] The next few years would not be a period where the fundamental design of the benefits system, and principles of welfare reform, would change in the same way it had during the Coalition Government's tenure.

However, the Conservative Party had promised in its 2015 manifesto to "find £12 billion from welfare savings, on top of the £21 billion of savings delivered in [the 2010-2015] Parliament."[57] The Institute for Fiscal Studies calculated that specific measures outlined in the manifesto – a freeze in most working-age benefits for two years, a reduction in the household benefits cap from £26,000 to £23,000, and removing Housing Benefit from under 21s on Jobseeker's Allowance – would save around £1.2 billion a year (with the two-year benefits freeze accounting for £1.0 billion).[58]

Finding the remainder of these spending reductions, along with continued commitments to protect pensioners and target support at those who need it most, while promoting and rewarding work, shaped the ensuing period.

3.1 The 2015 Summer Budget and *Welfare Reform and Work Act 2016*

As had been the case with the Coalition Government, the new Conservative Government began with a significant early fiscal event. The 8 July 2015 Summer Budget set out the Government's aim to spend less on welfare, create fairness for taxpayers, promote work and introduce wage policies to reduce reliance on benefits and tax credits:

> The welfare bill is too high, and the welfare system traps too many people in benefit dependency. And for too long, the government has addressed low pay by subsidising it through the tax credit system, instead of delivering lower business taxes and asking business to pay higher wages.
>
> This Budget sets out the action the government will take to:
>
> {…]

[56] See Nicholas Timmins, Institute for Government, Universal Credit: From disaster to recovery? 6 September 2016, Universal Credit: getting it to work better, 6 March 2020 and National Audit Office, Rolling out Universal Credit, HC 1123, 15 June 2018

[57] The Conservative Party, Manifesto 2015: Strong leadership, a clear economic plan, a brighter, more secure future, 14 April 2015, p8

[58] Institute for Fiscal Studies, Benefit cuts: where might they come from?, 26 May 2015

- reward work and back aspiration, by introducing a new National Living Wage, cutting taxes so people can keep more of what they earn, and reforming the welfare system to make it more affordable and fair to the taxpayers who pay for it.[59]

Like the Coalition Government's first Budget, this 2015 Budget pledged that the new Conservative Government would continue the 'triple lock,' increasing the State Pension by the highest of earnings, prices or 2.5%. It would also protect many disabled claimants relative to those without disabilities by exempting most disability benefits and additional elements from a four-year freeze, and allowing amounts to rise in line with prices.[60] The then Chancellor, George Osborne, justified this on the basis of protecting the elderly and the vulnerable:

> First, the welfare system should always support the elderly, the vulnerable and disabled people.
>
> We will honour the commitments we made to uprate the state pension by the triple lock and protect the other pensioner benefits.[61]

Financial sustainability

Reductions in expenditure were to be achieved elsewhere, through changes to the calculation of existing benefits, most of which were legislated for by the *Welfare Reform and Work Act 2016.* These included:

- Lowering the household benefit cap threshold from £26,000 for a family and £18,200 for a single person, to £23,000 in London (£15,410 for a single person) and £20,000 (£13,400 for a single person) elsewhere in the UK.
- A four-year benefits freeze applying to most working age benefits.
- Limiting support for children through Child Tax Credits and Universal Credit
- The abolition of Employment and Support Allowance Work-Related Activity Component
- Changes to conditionality for 'responsible carers' under Universal Credit
- Replacing Support for Mortgage Interest with loans
- Reducing social housing rent levels by 1% in each year for four years from 2016-17[62]

All these policies were linked by the aim of finding the welfare savings promised in the Conservative Party's manifesto. In his Budget Speech the Chancellor made it clear that "the whole working age benefit system has to be put on a more sustainable footing".[63] But the

[59] HM Treasury, Summer Budget 2015, HC 264, 8 July 2015
[60] Benefits Uprating 2020, Commons Library Briefing Paper CBP-8806, 2 April 2020
[61] HC Deb 8 July 2015 c333
[62] See Effect of Welfare Reform and Work Act 2016, Commons Library Debate Pack CDP-0072, 19 March 2018
[63] HC Deb 8 July 2015 c333

Government also argued that they could be justified in other terms -- on fairness grounds, or because they would encourage work.

Fairness and work

Arguments about fairness often involved comparing the situations faced by benefit claimants with those not receiving benefits.

Explaining four-year freeze, the Summer Budget 2015 Red Book contrasted the growth in benefits between 2008 and 2015 with lower earnings growth, claiming that the policy was needed to "ensure that it always pays to work, and that earnings growth overtakes the growth in benefits."[64] Similarly, the 'two-child limit'[65] was justified on the grounds that families in receipt of means-tested benefits "should face the same financial choices about having children as those supporting themselves solely through work."[66] Replacing the Support for Mortgage Interest scheme with loans[67] was argued to be fair for taxpayers:

> Changing this help from a benefit into a loan is intended to ensure that owner-occupier claimants continue to be protected from the risk of having their homes repossessed whilst providing increased fairness to taxpayers, many of whom cannot afford to buy a home of their own. [68]

Several changes, including the lowering of the benefit cap and the benefit freeze,[69] were introduced with the stated aim of promoting work. George Osborne again noted the fairness which lowering the household benefit cap could offer "taxpayers who pay for that system," but also added that the original cap had "encouraged tens of thousands into work":

> […] the benefits system should not support lifestyles and rents that are not available to the taxpayers who pay for that system.
>
> We have already introduced a cap on the total amount of benefits any out of work family can receive, at £26,000.
>
> It encouraged tens of thousands into work.
>
> We will now go further, and reduce the benefits cap from £26,000 to £23,000 in London, and £20,000 in the rest of the country.[70]

The abolition of the ESA Work-Related Activity Component, for example, would "remove the financial incentives that could otherwise discourage claimants from taking steps back to work."[71]

[64] HM Treasury, Summer Budget 2015, HC 264, 8 July 2015, p37
[65] See The two child limit in tax credits and Universal Credit, Commons Library Briefing Paper CBP-7935, 10 April 2017
[66] HM Treasury, Summer Budget 2015, HC 264, 8 July 2015, p38
[67] See Support for Mortgage Interest (SMI) scheme, Commons Library Briefing Paper SN06618, 5 April 2018
[68] Explanatory memorandum to the *Loans for Mortgage Interest Regulations 2017* SI 2017/725
[69] HM Treasury, Summer Budget 2015, HC 264, 8 July 2015, p37
[70] HC Deb 8 July 2015 c335
[71] Department for Work and Pensions, Welfare Reform and Work Bill: Impact Assessment to remove the ESA Work-Related Activity Component and the UC Limited Capability for Work Element for new claims, July 2015, p1 (links to the Impact Assessments are no longer available, but equivalent Impact Assessments can be found with *The Welfare Reform and Work (Northern Ireland) Order 2016*)

3.2 After the 2015 Summer Budget

Although measures included in the Summer Budget had been set to deliver on the Conservative Party's manifesto promise of a £12 billion reduction to welfare spending, the Chancellor's 2015 Autumn Statement reversed changes to tax credits which would have increased taper rates and reduced the income thresholds above which tax credit awards are tapered away.[72] This followed criticism from the Social Security Advisory Committee,[73] campaign organisations[74] and a defeat in the House of Lords.[75]

Broadly equivalent cuts to the work allowances in Universal Credit (at that time claimed by relatively few people) were, however, to go ahead.[76]

Since the *Welfare Reform and Work Act 2016*, at least until the coronavirus crisis, there have not been major welfare reforms on the same scale. However, the reversal in the 2015 Autumn statement presaged a series of changes which increased the generosity of Universal Credit. These have included a decrease in the rate at which Universal Credit payments taper way, from 65% to 63%,[77] which aimed to "increase the incentive to work and encourage progression in work."[78] Later fiscal events introduced measures intended to alleviate problems with the wait for the first payment,[79] and increase the amount certain claimants can earn before their benefit begins to be tapered away.[80]

These changes were made against the background of Universal Credit rollout, which accelerated from the Autumn of 2017. Significant concerns had been raised in the early stages of rollout, particularly relating to the wait for first payments.[81] Prior to 2016, the Universal Credit caseload was small,[82] so changes which had affected the

72 See Spending Review and Autumn Statement 2015: a summary, Commons Library Briefing Paper CBP-7401, 30 November 2015, pp16-17
73 See Social Security Advisory Committee, Department for Work and Pensions, HM Revenue & Customs, The Rt Hon David Gauke, and The Rt Hon Damian Hinds MP, Correspondence between SSAC and the HM Treasury about changes to tax credits, 10 September 2015
74 See Tax Credit changes from April 2016, Commons Library Briefing Paper CBP-7300, 29 October 2015, p29
75 HL Deb 26 October 2015 c976
76 See Universal Credit changes from April 2016, Commons Library Briefing Paper CBP-7446, 16 November 2016
77 HM Treasury, Autumn Statement 2016, 23 November 2016
78 HC Deb 23 November 2016 c909
79 HM Treasury, Autumn Statement 2017, 22 November 2017 introduced changes to advance payments, removal of seven "waiting days" before entitlement begins, and allowed Housing Benefit to "run-on" for the first two weeks of a Universal Credit claim.
80 HM Treasury, Budget 2018, HC 1629, 29 November 2018, introduced further help for households moving onto Universal Credit and increased work allowances.
81 See Work and Pensions Committee, Universal Credit: the six week wait, HC 336, 26 October 2017, 2017-19 and Citizens Advice, Managing Money on Universal Credit, 6 February 2019
82 See Constituency data: Universal Credit rollout, Commons Library data dashboard, 10 November 2020

generosity of this benefit relative to the 'legacy benefits' it was replacing had been experienced by relatively few people.

In research published in the run up to the 2019 General Election, the Resolution Foundation found that the 2015 cuts to Universal Credit **relative to the system it replaces** had largely been reversed in subsequent fiscal events.

> [The 2015] changes shifted UC from its original position of being more generous overall than the system it replaces, to being notably less so. But subsequent changes have largely reversed the impact of the 2015 Summer Budget cuts, at the aggregate level.[83]

However, due to overall reductions affecting both Universal Credit and the benefits it replaces, such as the four your benefits freeze, just one-fifth of the **absolute** cuts to Universal Credit introduced in 2015 had been reversed.[84]

Phillip Hammond, the Chancellor from July 2016 to July 2019, justified the increases in the generosity of Universal Credit in terms of ensuring the rollout of the benefit was a success. For example, when announcing increased work allowances for many claimants in his 2018 Budget Speech, the Chancellor argued that "Universal Credit is here to stay, and we are putting in the funding it needs to make it a success":

> I have heard the concerns about the rates and allowances within the design of the system. In my first autumn statement, I reduced the UC taper rate from 65% to 63%. Today, I can tell the House that I am increasing work allowances in universal credit by £1,000 per annum, at a cost of £1.7 billion annually once roll-out is complete. That will benefit 2.4 million working families with children and people with disabilities by £630 per year. Universal credit is here to stay, and we are putting in the funding it needs to make it a success because, on this side of the House, we believe that work should always pay.[85]

83 Resolution Foundation, The Shifting Shape of Social Security: Charting the changing size and shape of the British welfare system, November 2019, p38
84 Ibid p9
85 HC Deb 29 October 2018 c667

4. The Coronavirus Crisis (2020)

Sweeping changes were made to the social security system in response to the 2020 coronavirus pandemic as the Government promised to do "whatever it takes" to support people through the crisis.[86] Most of these were intended to be temporary and, at the time of writing in December 2020, some have already been withdrawn. Others, however, remain in place or have been extended.

The crisis has created multiple challenges for the social security system. Lockdowns and reductions in activity had huge economic effects, closing down some sectors of the economy altogether. Benefits have been expected to support people as they isolate and shield, and as employers adapt to social distancing rules.

Announcing significant new measures on 20 March 2020, the Chancellor, Rishi Sunak, aimed to:

> Protect people's jobs; Offer more generous support to those who are without employment; Strengthen the safety net for those who work for themselves; And help people who stay in their homes.[87]

The introduction of the Coronavirus Job Retention Scheme and Self Employment income Support Scheme dramatically expanded the state's role in supporting household finances and attracted millions of claims. The Government also made a series of changes to the existing social security system, through regulations and operational decisions. Broadly speaking, these changes fell under several categories, including:

- **Increases to the level of some benefits** - claimants of Universal Credit and Working Tax Credit now receive around £20 more a week and the amount available to support private renters has increased.
- **Measures to facilitate social distancing and support those who need to isolate or shield** – changes were made to Statutory Sick Pay, sickness and carer benefits in order to help people follow public health guidelines.
- **Temporary expansions of eligibility** – rules were relaxed for some groups such as prisoners on temporary release and claimants of tax credits whose employment was affected.
- **Changes to assessments and Jobcentre appointments to allow social distancing –** nearly all face-to-face interactions with Jobcentre staff and assessors were suspended, and disability benefit reassessments were paused.
- **Suspending some features of the system in order to redeploy staff into claim processing** – features of the system requiring significant staffing resource, such as applying deductions to benefits for certain kinds of debt, were suspended.

86 See for example HC Deb 29 June 2020 c7

87 HM Treasury, The Chancellor Rishi Sunak provides an updated statement on coronavirus, 20 March 2020

- **Suspending conditionality** – conditions such as meeting work-search requirements and attending regular interviews at jobcentres were switched off.

The Government intends that these changes should be temporary, although it is worth noting that temporary changes to the social security system have sometimes lasted longer than intended.[88]

Although the Department for Work and Pensions hopes to learn lessons from the crisis – such as from the "forced changes" to its health and disability support[89] -- it does not intend for the crisis to alter fundamentally the shape of the system over the long term. Answering questions about Universal Credit in the House of Commons on 4 May, the Secretary of State for Work and Pensions, Thérèse Coffey, promised:

> We will continue to look at issues that arise […] and see what we can do quickly and straightforwardly to fix either unintended consequences or unforeseen issues, but it is not my intention to change the fundamental principles or application of universal credit.[90]

Further information on the changes made in response to the crisis can be found in:

- Coronavirus: Universal Credit during the crisis, Commons Library Briefing Paper CBP-8999, 4 September 2020 – which explores how Universal Credit has coped during the crisis, the changes that have been made to it, and forthcoming challenges.
- Coronavirus: Withdrawing crisis social security measures, Commons Library Briefing Paper CBP-8973, 8 December 2020 – a regularly updated resource describing the changes made to the social security system during the crisis, and tracking their status.

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[88] For Example, Family Income Supplement, introduced as a stopgap measure by the Heath Government, lasted 15 years before being replaced by the more generous Family Credit. See Working families tax credit and family credit, Commons Library Briefing Paper RP98/46, 9 April 1998, p7

[89] See Coronavirus: Withdrawing crisis social security measures, Commons Library Briefing Paper CBP-8973, 8 December 2020, pp12-15

[90] HC Deb 4 May 2020 c423

5. Further Reading

Department for Work and Pensions, 2010 to 2015 government policy: welfare reform, 8 May 2015

John Hills, LSE Centre for Analysis of Social Exclusion, The Coalition's Record on Cash Transfers, Poverty and Inequality 2010-2015, January 2015

Nicholas Timmins, Institute for Government, Universal Credit: From disaster to recovery? 6 September 2016

Nicholas Timmins, Institute for Government, Universal Credit: getting it to work better, 6 March 2020

Resolution Foundation, The Shifting Shape of Social Security: Charting the changing size and shape of the British welfare system, 26 November 2019

National Association of Welfare Rights Advisers, NAWRA Welfare Reform / Benefits Changes Chart, May 2018

The table in section 5 includes relevant House of Commons Library briefings for each of the major welfare reforms included.

6. Aims of welfare reform table

This table outlines the major welfare reforms of the last ten years, including their legislative background and policy aims, with links to further reading. It is not comprehensive since there have been hundreds of changes to benefit rules and administration in the decade. The National Association of Welfare Rights Advisers (NAWRA) has a useful Welfare Reform / Benefit Changes Chart mapping these out in greater detail (up to May 2018).

Changes appear in alphabetical order.

The change	The reform	The aims	Resources
The policy and benefit	Details of the reform and how it was announced	The stated aims for the policy change	Commons Library briefings
The Benefit Cap	As part of the October 2010 Spending Review, the Coalition Government announced an intention to limit the maximum amount in benefits a household can receive. Total household benefits were capped at £500 per week for a family with children (£26,000 per year) and £350 per week (£18,200 per year) for a single person with no children. Households with income from benefits in excess of these caps would experience a reduction in their Housing Benefit or Universal Credit. Statutory provision for the benefit cap was made in Sections 96 and 97 of the *Welfare Reform Act 2012* and, *The Benefit Cap (Housing Benefit) Regulations 2012*, and *The Universal Credit Regulations 2013*. The cap was rolled out between July and September 2013. Starting from November 2016, the cap was lowered and different rates now apply in London (£23,000 per year for families with children,	In written evidence from the DWP to the Work and Pensions Committee in March 2017, the aims were outlined as follows: • To promote a fair and healthy society and maintain public confidence in the welfare system, by imposing a reasonable limit on the total amount a household can receive. • To reduce spending on benefits and encourage positive behavioural changes. • To encourage more people into work.	The Benefit Cap, Commons Library Briefing Paper SN06294, 16 November 2016 Benefit Cap, Commons Library Constituency Casework Article, 24 June 2020

	£15,410 for single persons) and elsewhere in Great Britain (£20,000 for families, £13,400 for single persons). The changes were made by Sections 8 to 10 of the *Welfare Reform and Work Act 2016*.		
The change	**The reform**	**The aims**	**Resources**
Bereavement Support Payment	Bereavement Support Payment (BSP) comprises an initial lump-sum payment of £3,500 for those with dependent children followed by 18 monthly payments of £350; and a lump-sum payment of £2,500 plus 18 monthly payments of £100 for those without children. It is payable to people whose spouses and civil partners have died and who meet the contribution criteria. BSP replaced the existing bereavement benefits (the Bereavement Payment, Bereavement Allowance, and Widowed Parent's Allowance) for surviving spouses and civil partners widowed on or after 6 April 2017. Part 5 of the *Pensions Act 2014* introduced the new benefit in Great Britain. More detailed rules are set out in the *Bereavement Support Regulations 2017*, SI 2017/410 (as amended).	The Coalition Government's December 2011 consultation document, 'Bereavement Benefit for the 21st Century,' pointed to "complexity" in pre-existing bereavement benefits and "disincentive[s] to maintain contact with the labour market." It made proposals for major changes to bereavement benefits, with the aim of simplifying the system by moving to a more uniform structure, with support focused on the period immediately following bereavement, as well as simplifying the contribution conditions, with a single rule irrespective of age and child dependent status. The aims set out for "modernised bereavement benefits" were: • they should be simple to understand and to claim; • they should provide fast, direct, financial help for immediate needs following the bereavement of a spouse or civil partner; • they should give recipients the flexibility they need to regain control of their situation in the period immediately following bereavement;	Bereavement Support Payment, Commons Library Briefing Paper CBP-7887, 19 June 2017

		• there should be additional support for families, to recognise the additional costs associated with raising children; • they should allow recipients to access the financial and work focused support provided by Universal Credit at a time that is right for them; and • they should be fair and promote self-dependency.	

The change	The reform	The aims	Resources
Child Benefit: High Income Child Benefit Charge (HICBC)	Child Benefit was introduced in 1977 to provide non-means-tested support for families with children. The High Income Child Benefit Charge (HICBC) provides for Child Benefit to be clawed back through the tax system from families where the highest earner has an income in excess of £50,000, and to be withdrawn completely where that person has an income of over £60,000. The HICBC was introduced in 2013, following initial proposals announced by the then Chancellor George Osborne in October 2010 for withdrawing Child Benefit from higher rate payers, which were modified in the 2012 Budget. Statutory provision for the HICBC was made by section 8 and Schedule 1 of the *Finance Act 2012*.	The proposal was originally made by the then Chancellor, George Osborne, in a speech at the Conservative Party conference on 4 October 2010. This justified the change on the basis of reducing cost, fairness and focusing on those who need support. We still pay over a billion pounds a year in child benefit to higher rate taxpayers. Believe me, I understand that most higher rate taxpayers are not the super-rich. But a system that taxes working people at high rates only to give it back in child benefit is very difficult to justify at a time like this. And it's very difficult to justify taxing people on low incomes to pay for the child benefit of those earning so much more than them. These days we've really got to focus the resources where they are most needed. We've got to be tough but fair. That's why we will withdraw child benefit from households with a higher rate taxpayer. Explanatory notes to the *Finance Act 2012* explain (para. 48): The new high income child benefit charge is the way the Government is implementing its policy of reducing the	The High Income Child Benefit Charge (HICBC), Commons Briefing Paper CBP-8631, 13 March 2020

		amount of child benefit available to families that include someone who has income above £50,000. The reason for this is that it is very difficult to justify taxing people on lower incomes to pay for the child benefit of those with higher incomes.	
The change	**The reform**	**The aims**	**Resources**
Coronavirus changes	The coronavirus outbreak, alongside the public health response to it, has had profound effects on the UK economy, and will continue to do so. These impacts have had inevitable consequences for household finances, prompting the Government to make a series of changes to the rules and operation of the benefits system, among many other measures, such as the Coronavirus Job Retention Scheme. Broadly speaking, these changes fell under several categories, including: • Increases to the level of some benefits • Measures to facilitate social distancing and support those who need to isolate or shield • Temporary expansions of eligibility • Changes to assessments and Jobcentre appointments to allow social distancing • Suspending some features of the system in order to redeploy staff into claim processing • Suspending conditionality	A diverse range of changes were made to the social security system at several different points during the crisis. Summing up a 20 March speech in which he announced increases to Universal Credit and Working Tax Credit, the Chancellor, Rishi Sunak, stressed the need to act with decency and to stand together at a time of national crisis: When this is over, and it will be over, we want to look back at this moment and remember the many small acts of kindness done by us and to us. We want to look back this time and remember how we thought first of others and acted with decency. We want to look back on this time and remember how, in the face of a generation-defining moment, we undertook a collective national effort - and we stood together. The Government does not intend for the crisis to alter the fundamental shape of the system over the long term. The Secretary of State for Work and Pensions, Thérèse Coffey, told the House on 4 May 2020: We will continue to look at issues that arise […] and see what we can do quickly	Coronavirus: Universal Credit during the crisis, Commons Library Briefing Paper CBP-8999, 4 September 2020 Coronavirus: withdrawing crisis social security measures, Commons Library Briefing Paper CBP-8873, 8 December 2020

	Most of these changes, such as increases to benefit levels and the suspensions of work-related conditionality, face-to-face meetings at Jobcentres and disability benefit reassessments, are intended to be temporary. Some measures have set expiry dates, while others remain under review. The extent to which these changes will have a lasting impact on the social security system remains to be seen, and is discussed in Coronavirus: withdrawing crisis social security measures, Commons Library Briefing Paper CBP-8873, 8 December 2020.	and straightforwardly to fix either unintended consequences or unforeseen issues, but it is not my intention to change the fundamental principles or application of universal credit.	
The change	**The reform**	**The aims**	**Resources**
Council Tax Benefit: Localisation of council tax support	Council Tax Benefit, a national benefit which provided help for low-income households to pay their Council Tax bills, was abolished in 2013. It was replaced (with a 10% reduction in funding) by local schemes designed and delivered by local authorities in England, with the Welsh and Scottish governments adopting more centralised models. Section 10 of the *Local Government Finance Act 2012* added Section 13A to the *Local Government and Finance Act 1992* so that, in respect of dwellings in England, a person's liability to pay Council Tax is reduced in accordance with the billing authority's Council Tax Reduction scheme. Liability may be reduced "to such an extent as the billing authority […] thinks fit." This includes reducing liability to nil.	The Government's December 2011 response to the consultation on Localising support for council tax in England outlined the key aims of localisation: The Government is clear that localisation is the most effective means of ensuring sufficient local flexibility to secure the planned reduction in expenditure, reflecting local circumstance and priorities.	Council Tax Reduction Schemes, Commons Library Briefing Paper SN06672, 24 August 2020

The change	The reform	The aims	Resources
Employment and Support Allowance: Time-limiting contributory ESA	Employment and Support Allowance (ESA) is an income replacement benefit for people whose ability to work is affected by a disability or health condition. There are two forms of ESA: contributory ESA, for those with a sufficient National Insurance contribution record; and income-related ESA, which is means-tested. Income-related ESA is being replaced by Universal Credit. The Spending Review on 20 October 2010 announced that, from April 2012, for claimants assessed as eligible for the Work Related Activity Group, contributory ESA would only be payable for up to one year. Those still on benefit at that point could then claim income-based ESA (or UC now), but might not be entitled to benefit if they or their partner have other income or capital above a certain level. Section 51 of the *Welfare Reform Act 2012* made provision for time-limiting contributory ESA.	The October 2011 DWP Equality Impact Assessment outlined the policy objectives of time limiting contributory ESA: ESA is intended to help people in the work related activity group who are temporarily unable to work because of an illness or disability. The introduction of a time limit therefore: • Reinforces the fact that ESA is a temporary benefit for the majority; • Ensures support is targeted at the poorest and most severely disabled people; • Simplifies the benefit system by aligning contributory ESA rules more closely with contributory Jobseeker's Allowance in the run up to Universal Credit's introduction; • Ensures a fairer balance between the claimant and the taxpayer.	Time-limiting contributory Employment and Support Allowance, Commons Library Briefing Paper SN05832, 3 February 2011

The change	The reform	The aims	Resources
Employment and Support Allowance: Removal of the Work-Related Activity Component (WRAC)	The Work-Related Activity Component (WRAC) is an additional amount for ESA claimants (£29.55 a week in 2020/21) who are placed in the Work Related Activity Group (WRAG) following assessment. Universal Credit also included an equivalent limited capability for work element. Since 3 April 2017, the WRAC has been abolished for new claimants. The equivalent element in Universal Credit was also be abolished. In effect this aligns the rate of ESA for those in the WRAG with the rate of Jobseeker's Allowance. Those in the Support Group, or assessed as having limited capability for work and work related activity (LCWRA) in UC are unaffected. Section 15 of the *Welfare Reform and Work Act 2016* amended the *Welfare Reform Act 2007* to remove provision for the payment of the WRAC, in both contributory and income-related ESA. Section 16 of the 2016 Act made equivalent provision for Universal Credit.	Removal of the WRAC was justified on the basis that it would improve incentives for people to prepare to enter the labour market. In his Summer Budget 2015 speech the Chancellor referred to the "perverse incentive" whereby ESA claimants in the WRAG received more money than claimants of Jobseeker's Allowance "but get nothing like the help to find suitable employment." The Chancellor noted that while the JSA caseload had fallen by 700,000 since 2010, over the same period the numbers on incapacity benefits including ESA had fallen by just 90,000, despite 61% of claimants in the WRAG saying they wanted to work. The Budget documents expand that: Increasing employment levels amongst people with disabilities and health conditions are a key part of the government's aim to achieve full employment. The current system creates a financial incentive to claim sickness benefits over Jobseeker's Allowance. From April 2017, new claimants of Employment and Support Allowance (ESA) who are placed in the Work-Related Activity Group will therefore receive the same rate as those claiming Jobseeker's Allowance, alongside additional support to help them take steps back to work. This will ensure the right incentives and support are in place for those closer to the labour market to help them make this transition when	Abolition of the ESA Work-Related Activity Component, Commons Library Briefing Paper CBP-7649, 7 March 2017

		they are ready, while maintaining the extra financial support ESA provides for those in the ESA Support Group who are furthest from work. Existing ESA claimants will be unaffected.	
The change	**The reform**	**The aims**	**Resources**
Housing Benefits: Under-occupation deduction ('removal of the spare room subsidy' or 'bedroom tax')	Since 1 April 2013, working-age tenants in social housing in receipt of Housing Benefit or the Housing Costs Element in Universal Credit have experienced a reduction in their benefit entitlement if they live in housing that is deemed to be too large for their needs. This 'under-occupation deduction' is also sometimes referred to as the 'removal of the spare room subsidy' or 'bedroom tax.' Restrictions on entitlement to Housing Benefit based on the size of accommodation occupied have applied to claimants living in privately rented housing since 1989. Statutory provision for the under-occupation deduction was made in section 69 of the *Welfare Reform Act 2012* and *The Housing Benefit (Amendment) Regulations 2012*, SI 2012/3040.	The stated aims of the under-occupancy deduction were the need to reduce expenditure on Housing Benefit, and the desire to secure behavioural changes amongst social housing tenants – providing incentives for families to downsize where they live in homes larger than they require. The June 2012 DWP impact assessment explained the rationale for intervention as follows: 14. Expenditure on Housing Benefit has increased significantly from £11 billion in 2000/01 (£15 billion in 2010/11 prices) to about £21 billion in 2010/11. 15. At December 2011, there were approximately 3.3m Housing Benefit claimants living in the social rented sector. Claimants in the social rented sector made up approximately 68% of all Housing Benefit claimants. The overall cost of Housing Benefit needs to be controlled, and reduced in order to tackle the budget deficit. This measure is part of the effort to contain Housing Benefit expenditure. 16. There is currently little reason for Housing Benefit claimants in the social rented sector to move from accommodation which is too large for their needs. The match between the size	Under-occupying social housing: Housing Benefit entitlement, Commons Library Briefing Paper SN06272, 1 November 2019

		of accommodation and the household is irrelevant for calculating Housing Benefit entitlement for the vast majority of these Housing Benefit claimants. This could be seen as inequitable when compared with the operation of Housing Benefit in the private rented sector. It is unfair to allow Housing Benefit to pay for more rooms for claimants in the social rented sector than it would pay for if claimants were in the private rented sector. In these circumstances it would be reasonable for under occupying claimants in the social rented sector to make some contribution towards the more generously-sized accommodation.	
The change	**The reform**	**The aims**	**Resources**
Local Housing Allowance (LHA): Changes to calculation	Local Housing Allowance (LHA) is used by local authorities to calculate how much housing support eligible benefit claimants in the private rented sector can receive to help pay their rent. Before 2013 LHA was designed to be linked to a percentile of market rents and could change on a monthly basis based on Valuation Office Agency Rent Officer determinations. The June Budget 2010 announced that from April 2011 LHA be set at the 30th percentile of local rents, rather than the 50th. Caps were also set for properties of different sizes. Section 69 of the *Welfare Reform Act 2012* allowed the Secretary of State to set LHA rates without reference to rent officer determinations. CPI	The primary purposes of reforms to LHA have been to reduce cost, encourage private tenants to move to cheaper properties and create downward pressure on the rental market. At the Second Reading of the *Welfare Reform Bill 2010-12*, which would allow LHA rates to be set without reference to local rents, the then Secretary of State for Work and Pensions, Iain Duncan Smith, focused on the need to "get to grips" with expenditure in this area and create "downward pressure on rents": Over the past 10 years, overall spending on housing benefit has almost doubled from £11 billion to £21 billion, which is a huge increase. I accept some of the arguments about the reasons for that-the fact, for example, that house building fell	Benefits Uprating 2020, Commons Library Briefing Paper CBP-8806, 2 April 2020 Local housing allowance and homelessness, Commons Library Debate Pack CDP-0199, 17 July 2019

	indexation in 2013/14 and further restrictions on LHA rate-setting since 2014/15 (see Benefits Uprating 2020, Commons Library Briefing Paper CBP-8806, 2 April 2020) then caused LHA to diverge from 30th percentile rents. On 20 March 2020, the current Chancellor, Rishi Sunak, announced as part of the Government's coronavirus support package that LHA rates would be reset to the 30th percentile for 2020/21. The Secretary of State for Work and Pensions later announced that these rates would be retained in cash terms from April 2021.	to a record low, and more and more people had to be moved into the social rented sector-but the reality under the local housing allowance regime was that we lost control of spending. We have therefore introduced a number of changes to the local housing allowance, including a move to annual uprating in line with CPI. Restricting uprating should enable us to keep downward pressure on rents. Only if an increase in local market rents exceeds the annual rate of CPI will the restriction apply. That will also be an important step towards the integration of housing support with the universal credit.	
The change	**The reform**	**The aims**	**Resources**
Mandatory Reconsideration	Mandatory Reconsideration (MR) is a process where a claimant can challenge a benefit decision they disagree with and the DWP or HMRC looks at the decision again. It was introduced in April 2013 and now applies to all social security benefit (except Housing Benefit) and tax credit decisions. Since then, a claimant's right of appeal to an independent First-tier Tribunal against a benefit decision can only be exercised once the challenge has already been the subject of a reconsideration by a decision maker. Statutory provision for MR was made in section 102 of the *Welfare Reform Act 2012*.	MR was introduced in order to both improve decision making and relieve the burden on the courts. The DWP's 'Appeals Reform - An introduction' further explains that the main reasons for introducing mandatory reconsideration are to: • resolve disputes as early as possible; • reduce unnecessary demand on HMCTS by resolving more disputes internally; • consider revising a decision where appropriate; • provide a full explanation of the decision; and	Challenging benefits decisions, Commons Library Casework Article, 13 December 2019

		encourage claimants to identify and provide any additional evidence that may affect the decision, so that they receive a correct decision at the earliest opportunity. The implementation and impact of MR is discussed in a Social Security Advisory Committee occasional paper, Decision Making and Mandatory Reconsideration, 21 July 2016.	
The change	**The reform**	**The aims**	**Resources**
Personal Independence Payment (PIP)	Personal Independence Payment (PIP) is a non-means tested benefit and is intended to help with the extra costs arising from ill health or disability. It has two components: • a mobility component, based on an individual's ability to get around; and • a "daily living" component, based on ability to carry out other key activities necessary to be able to participate in daily life. PIP is replacing Disability Living Allowance (DLA) for people of working age and was introduced for new claims from April 2013 The DWP originally expected that by spring 2016, all working age DLA claimants would have been contacted about reassessment for PIP. However, successive changes to the reassessment timetable and the coronavirus pandemic mean that full migration to PIP is not now expected to be complete until 2025 (OBR, Economic and fiscal outlook, November 2020, para A.37).	The 2010 Coalition Government believed that Personal Independence Payment would have certain advantages over Disability Living Allowance. A 2014 National Audit Office report on the early progress of rolling out PIP summarised the Government's aims: • targeting support at those most in need of support; • being more responsive as claimants' circumstances change; • providing a fairer, transparent and consistent assessment of need; and • being easier for claimants, staff and disability organisations to understand. PIP was also originally expected to reduce caseloads and expenditure by 20%, compared with working-age DLA.	Disability Living Allowance reform, Commons Library Briefing Paper SN05869, 14 February 2011 Welfare Reform Bill: reform of disability benefits, Housing Benefit, and other measures, Commons Library Research Paper 11/24, 4 March 2011 Welfare Reform Bill: Committee Stage Report, Commons Library Research Paper 11/48, 8 June 2011 Welfare Reform Bill 2010-12: Commons Report Stage and Third

	Statutory provision for PIP was made in the *Welfare Reform Act 2012*. The main regulations setting out the detailed rules are the *Social Security (Personal Independence Payment) Regulations 2013*.	Further background can be found in Department for Work and Pensions, Disability Living Allowance reform, Cm 7984, December 2010.	Reading, Commons Library Briefing Paper SN06034, 26 August 2011 Welfare Reform Bill 2010-12: amendments at the Lords Committee and Report stages, Commons Library briefing SN06202, 27 January 2012 Draft Social Security (Personal Independence Payment) Regulations 2013, Commons Library briefing SN06538, 28 January 2013

The change	The reform	The aims	Resources
Scottish social security powers	Until 2016, social security was organised on a Great Britain-wide basis. The *Scotland Act 2016*, however, devolved significant new social security powers to the Scottish Parliament and Government. Devolved areas include: • Disability, industrial injuries and carers' benefits – which in the UK reserved system are Attendance Allowance, Carer's Allowance, Disability Living Allowance, Personal Independence Payment, Industrial Injuries Benefit, and Severe Disablement Allowance; • Benefits for maternity, funeral and heating expenses – which in the UK are Cold Weather Payment, Funeral Payment, Sure Start Maternity Grant, Winter Fuel Payment; • Discretionary Housing Payments • Discretionary payments and assistance • Powers to top-up any benefit • Powers to create other new social security benefits; • Powers to legislate for welfare foods; and • Powers to vary the housing cost element and to change payment arrangements for Universal Credit.	The devolution of welfare powers resulted from promises made in the run-up to the 2014 Scottish independence referendum. Campaigning for a 'No' vote, the leaders of the three largest UK parties made a promise of "extensive new powers" for the devolved administration in 'The Vow.' Following the referendum, the Prime Minister, David Cameron, announced the formation of a cross-party Commission to be chaired by Lord Smith of Kelvin, whose terms of reference were to recommend "further devolution of powers to the Scottish Parliament", including "welfare and taxation powers". On 27 November 2014, the Smith Commission published its recommendations, which included a proposal that various benefits outside Universal Credit should, for the first time, be devolved fully. The Scottish Parliament would have "complete autonomy" over these benefits, and over any benefits or services which might replace them. The Commission also proposed that while UC should remain a reserved benefit, the Scottish Parliament should have the power to vary the housing costs element in Scotland as well as the powers to vary UC payment arrangements.	Social security powers in the UK, Commons Library Briefing Paper, CBP-9048, 9 November 2020

The change	The reform	The aims	Resources
Social Fund: Discretionary Social Fund abolition	The Social Fund was introduced from April 1988. Part of it covered payments including the Sure Start Maternity Grant, Funeral Payments, Winter Fuel Payments and Cold Weather Payments, which are still paid according to provisions set down in regulations. The other part was the discretionary Social Fund, which was cash limited and provided grants and loans. The discretionary Social Fund compromised Crisis Loans, non-repayable Community Care Grants (CCGs) and Budgeting Loans. Crisis Loans and CCGs were abolished from April 2013 and instead funding was made available (initially) to local authorities in England and to the devolved administrations to provide such assistance in their areas as they saw fit. As Universal Credit replaces 'legacy' social security benefits, Budgeting Advances are replacing Budgeting Loans. Section 70 of the *Welfare Reform Act 2012* provided for the ending of discretionary payments. *The Social Security (Payments on Account of Benefit) Regulations 2013*, SI 2013/383 made provision for Budgeting Advances.	The abolition of the discretionary Social Fund was debated and legislated for in tandem with Universal Credit. The White Paper, 'Universal Credit: Welfare that works', explained that the aim was to reduce costs and make more effective decisions locally: [the] fund has not kept pace with wider welfare reform. This has led to complex administration and parts of the scheme are poorly targeted and open to abuse. For example, Crisis Loan awards have almost tripled since 2006, with little evidence of an underlying increase in need. […] It is difficult in a centrally administered system for staff to exercise a high degree of discretion. For example, in the case of Crisis Loans, where it is necessary to determine if there is a severe risk to the applicant's health or safety. These services can be more effectively run locally where they are linked to other support services The White Paper also justified the replacement of Budgeting Loans on the basis that they "[lent] themselves to simple automated delivery will be incorporated into Universal Credit."	Localisation of the Social Fund, Commons Library Briefing Paper SN06413, 16 November 2012 Pensioner benefits, Commons Library Briefing Paper SN06354, 14 January 2020, section 5.6

The change	The reform	The aims	Resources
State Pension: Introduction of the new State Pension	The new State Pension was introduced on 6 April 2016 for people reaching State Pension age from that date. People who had already reached State Pension age continue to be entitled to a State Pension under the old rules. The old State Pension had two tiers: • The basic State Pension, which is paid at a flat-rate (£129.20pw in 2020/21) for those with at least 30 'qualifying years' – of National Insurance (NI) contributions or credits); and • The additional State Pension, which is partly earnings-related. It was provided through the State Earnings-Related Pension Scheme (SERPS) between 1978 and 2002 and, from 2002 through the State Second Pension. It was possible to 'contract-out' of the additional State Pension into an occupational or personal pension which met set requirements. An individual who was contracted-out paid a lower rate of NI in recognition of the fact that they were foregoing additional State Pension rights for that period. The new State Pension is single tier. It is set at £175.20 a week in 2020/21, just above the basic level of means-tested support.	A January 2013 White Paper set out the "four key outcomes" the Government sought to achieve: • improve clarity of outcomes by simplifying the state pension – complex and outdated aspects of the current system will be removed or modified; • reduce means testing, altering the balance between means-tested and contributory support; • bring forward the equalisation of state pension outcomes between men and women. The reforms will modernise the state pension system to reflect the lives and contributions of today's working age people, with the vast majority of people becoming entitled to a full state pension in their own right instead of relying on the National Insurance record of their spouse or civil partner; • help to ensure the sustainability of the state pension in the longer term.	The new State Pension – background, Commons Library Briefing Paper, SN06525, 30 August 2016 Pensioner benefits, Commons Library Briefing Paper SN06354, 14 January 2020

The change	The reform	The aims	Resources
Support for Mortgage Interest (SMI): **Turning SMI into a loan**	The Support for Mortgage Interest (SMI) scheme provides help with mortgage interest payments to claimants of certain means-tested benefits. In December 2011 the Coalition Government launched an "informal call for evidence" on proposals to reform SMI. Under the plans, SMI would no longer be a benefit but would be recouped via a charge on the property. The Coalition Government did not act on these proposals. In the Summer Budget 2015, the Government announced plans to change SMI from a benefit to an interest-bearing loan, secured against the mortgaged property, from April 2018. Provisions to implement this scheme were included in the *Welfare Reform and Work Act 2016*. The *Loans for Mortgage Interest Regulations 2017,* SI 2017/725 introduced the loans system.	The DWP's 'Delegated Powers Memorandum', written to inform the Bill's progress through Parliament, noted that the existing SMI scheme had "become unsustainable." The *Welfare Reform and Work Act 2016* Explanatory Notes said that providing help with mortgage interest in the form of a loan rather than a benefit would ensure that the Government "continues to mitigate the risk of repossession while providing better value for the tax payer."	Welfare Reform and Work Bill, Commons Library Briefing Paper CBP-7252, 16 July 2015 Support for Mortgage Interest (SMI) scheme, Commons Library Briefing Paper SN06618, 5 April 2018

The change	The reform	The aims	Resources
Two-child limit	As a result of measures first announced in the Conservative Government's Summer Budget in 2015, the per child elements in Child Tax Credit and in Universal Credit were limited to two children for new claims and births from 6 April 2017. Provisions enabling the two child limit were included in sections 13 and 14 of the *Welfare Reform and Work Act 2016*.	Summer Budget 2015 presented the two-child limit as a measure to "reform tax credits to make them fairer and more affordable." It added: On top of Child Benefit for every child, an out of work family with 5 children can currently claim over £14,000 a year in tax credits alone. The government believes that those in receipt of tax credits should face the same financial choices about having children as those supporting themselves solely through work.	The two child limit in tax credits and Universal Credit, Commons Library Briefing Paper CBP-7935, 10 April 2017
The change	**The reform**	**The aims**	**Resources**
Universal Credit	Universal Credit (UC) is a benefit which is in the process of replacing six existing means-tested benefits and tax credits for working-age households. It is available both to those who are in, and out of, work, and is calculated and paid on a household basis. It was introduced by the Coalition Government from 2013. The full version of UC has been available in every part of the UK since December 2018, meaning that it is now the only option for any working-age individual or family wishing to apply for means-tested assistance. With very limited exceptions, it is no longer possible to make a new claim for any of the six 'legacy' benefits or tax credits which are being replaced.	The aim of Universal Credit is to simplify and streamline the benefits system for claimants and administrators, improve work incentives, tackle poverty among low income families, and reduce the scope for fraud and error. A May 2015 policy paper outlining the coalition Government's welfare reform policy summarised the aims of Universal Credit as follows: • encourage people on benefits to start paid work or increase their hours by making sure work pays • make it easier for people to manage the move into work • simplify the system, making it easier for people to understand, and easier and cheaper for the government to administer	Recent briefings Constituency data: Universal Credit rollout, Commons Data Dashboard, 15 September 2020 Coronavirus: Universal Credit during the crisis, Commons Library Briefing Paper CBP-8999, 4 September 2020 Briefings on original legislation and debates Welfare Reform Bill: Universal Credit provisions, Commons

	Currently, legacy benefit claimants do not move onto UC unless they experience a 'change of circumstances' – such as getting or losing a job, or moving in with a partner – which can trigger a move to UC. The DWP refers to this as 'natural migration'. When a person moves onto UC, it will not normally be possible to move back to legacy benefits. The latest pre-coronavirus crisis target for the completion of 'caseload rollout,' moving all people from legacy benefits to UC, was 2024. In order to complete caseload rollout of Universal Credit, legacy benefit and tax credit claimants not experiencing a change in circumstances will transfer to UC by a process known as 'managed migration.' A managed migration pilot, named 'Move to Universal Credit,' which may ultimately involve up to 10,000 claimants, began in July 2019. The pilot was paused as a result of the coronavirus crisis, and has no current date for resumption. Statutory provision for Universal Credit was made in the *Welfare Reform Act 2012.* The principle set of regulations containing the detailed rules are the *Universal Credit Regulations 2013,* SI 2013/376.	• reduce the number of people who are in work but still living in poverty • reduce fraud and error In addition to achieving these aims, the DWPs Universal Credit Programme Full Business Case Summary also makes the case that UC can generate a "social return to the economy of £34bn over ten years; and an increase of people in employment of 200k." with an £8bn annual net benefit once in "steady state." In June 2018 the National Audit Office concluded, however, that UC's "future value for money is unproven." Further discussion of Universal Credit can be found in section 1.3 above.	Library Research Paper 11/24, 7 March 2011 Welfare Reform Bill: Committee Stage Report, Commons Library Research Paper 11/48, 8 June 2011 Welfare Reform Bill 2010-12: Commons Report Stage and Third Reading, Commons Library Briefing Paper SN06034, 26 August 2011 Welfare Reform Bill 2010-12: amendments at the Lords Committee and Report stages, Commons Library briefing SN06202, 27 January 2012 Draft Universal Credit Regulations 2013, Commons Library briefing SN06548, 7 February 2013

The change	The reform	The aims	Resources
Uprating changes	Governments from 2010 to 2020 have made a series of changes to the legislative basis for uprating benefits and tax credits, and to uprating practices. These have included: • June Budget 2010: Switch to Consumer Prices Index (CPI) uprating of benefits and tax credits and the freeze to Child Benefit for 3 years from 2011-12 • Spending Review 2010: Working Tax Credit: freeze in the basic and 30-hour elements for three years from 2011-12 • Autumn Statement 2011: Working Tax Credit: freeze in the couples and lone parent element for one year (2012-13) • Autumn Statement 2012: – Working age benefits and tax credits: increase by 1% for three years from 2013-14 – Child Benefit: increase by 1% for two years from 2014-15 – Housing Benefit: increase Local Housing Allowance by 1% for two years from 2014-15 with provision for high rent areas – Universal Credit: finalise disregards and increase by 1% for two years from 2014-15	Aims of uprating decisions are discussed along with other changes made in fiscal events in Part 1. In general, these changes were justified on the basis of making savings in welfare expenditure. Taken together, they account for the greater savings than any other welfare reform in the last decade. Some decisions, such as uprating benefits and tax credits by 1% from 2013/14, were explained simply on the basis that "the welfare system must be affordable." However, savings were not the sole justifications for changes to uprating. For example, the June Budget 2010 explained that CPI: provides a more appropriate measure of benefit and pension recipients' inflation experiences than RPI, because it excludes the majority of housing costs faced by homeowners (low income households are subsidised separately through Housing Benefit, and the majority of pensioners own their home outright), and differences in calculation mean it may be considered a better representation of the way consumers change their consumption patterns in response to price changes. This will also ensure consistency with the measure of inflation used by the Bank of England. Uprating changes were also justified on the basis of incentivising work and "fairness" between those who receive benefits and those who do not.	Benefits Uprating 2020, Commons Library Briefing Paper CBP-8806, 2 April 2020 Welfare Benefits Uprating Bill, Commons Library Briefing Paper RP13/01, 4 January 2013 Welfare Reform and Work Bill, Commons Library Briefing Paper CBP-7252, 16 July 2015

	• Summer Budget 2015: Uprating: freeze working-age benefits, tax credits and Local Housing Allowances for 4 years from 2016-17.	Explaining the four-year freeze, the Summer Budget 2015 Red Book contrasted the growth in benefits between 2008 and 2015 with lower earnings growth, claiming that the policy was needed to "ensure that it always pays to work, and that earnings growth overtakes the growth in benefits."	
The change	**The reform**	**The aims**	**Resources**
Welfare cap	The welfare cap is a limit on the amount that government can spend on certain social security benefits and tax credits. The welfare cap is entirely separate from the benefit cap, which limits the total amount of benefit income households can receive (see above). The cap was first introduced in Budget 2014 and the Office for Budget Responsibility (OBR) – the UK's fiscal watchdog – first reported on whether the cap had been met or exceeded alongside Autumn Statement 2014. The operation of the welfare cap (including how and when it is set, how and when it will be assessed, and what happens if it is breached) is laid out in the Charter for Budget Responsibility – the document which sets out the Government's policy and targets for the public finances.	The cap aims to better control spending in an area where this can be difficult for governments. In his 2014 Budget Speech the then Chancellor, George Osborne, set out justification for the policy: Britain should always be proud of having a welfare system that helps those most in need. But never again should we allow its costs to spiral out of control and its incentives to become so distorted that it pays not to work. In future, any government that wants to spend more on benefits will: have to be honest with the public about the costs, need the approval of Parliament, and will be held to account by this permanent cap on welfare.	The welfare cap, Commons Library Briefing Paper SN06852, 16 June 2020

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