

aiac

**Association of Independent Advice
Centres (NI)**

Social Policy Briefing

23 March 2001

Impact of welfare reform and modernisation

- **Data matching information across government departments**

It has come to the attention of several advisers that the Social Security Agency have undertaken a data matching exercise, systematically checking those claimants on Income Support (IS) and in receipt of personal/occupational pensions. This exercise has identified approximately three thousand cases where IS claimants had not declared (intentionally or unintentionally) a personal/occupational pension. This has led to an overpayment situation, involving in some cases quite substantial sums of money.

In many cases, a private pension may be paid directly into a bank account / may come into payment during an Income Support claim, and so the claimant may not fully understand that they need to notify the Agency about this.

No doubt the exercise will be broadened to cover other areas as time goes by.

AIAC has a number of concerns in regard to this whole issue:

- Principally, what steps are the Agency taking to prevent such overpayments occurring. What publicity has the Agency taken to alert claimants of particular benefits that they should alert the Agency of private pension income. What publicity has been undertaken regarding the fact that data matching is now being used?
- What action do the Agency propose to take in cases where there is found to be an Income Support overpayment due to the non-declaration of a private pension?
- Has there been an analysis of the potential impact of this exercise on claimants in terms of shock, reduced income, ability to repay, impact on encouraging other pensioners to claim their proper benefit entitlement?
- Obtaining clear information on the steps which are taken within the 'Debt Management Unit' to recover overpayments, including the guidance on when an overpayment can be deemed unrecoverable or waived;
- Impact on the advice sector, as many claimants affected by this exercise will undoubtedly approach advice centres for assistance;
- We have already expressed concerns about the Debt Management Unit's 14-day deadline to dispute overpayment decisions. There still remains an unwillingness to equalise this with the 28-day period contained within Decision Making and Appeals legislation.

On a positive note, a data-matching exercise has also been carried out involving Disability Living Allowance / Attendance Allowance claimants who were also in receipt of Income Support, to ensure that the correct premiums were in payment. As a

result of this exercise, an underpayment of Income Support was identified in over 9% of cases. Arrears have been paid to claimants in these cases.

- It appears that data matching is here to stay. However, worryingly it does not appear that the Agency are introducing these data matching procedures across the board at present. For example from 6 April 2001, the gross amount of most pension income will be taken into account when calculating the amount of Incapacity Benefit payable. There will be a disregard of £85 (per week), and 50% of any amount of personal pension over £85 will be taken into account. For example, a personal pension of £95 will reduce Incapacity Benefit by £5.

Many Incapacity Benefit claimants may innocently not declare a private pension and may begin to receive a private pension during their claim and not realise that this should be declared. This would be understandable, as income has not in the past affected IB.

Having spoken to the Agency there are no plans to systematically data match the details of each claimant to insure that there is no private pension in payment and that the correct amount of Incapacity Benefit is being paid.

Incapacity Benefit may decide simply to undertake annual trawls, which may lead to the uncovering of undeclared private pensions, large lump sums being owed by claimants and a great deal of worry and stress on people who are after all ill and incapable of work.

If the technology to data match is available (and it is) it should be used consistently and in a way which in the long run will mean that the correct amount of benefit is being paid and huge overpayments are not being ran up.

- AIAC would like to know what publicity the Agency are taking with regards to highlighting these Incapacity Benefit changes.
- As great an emphasis should be placed on data matching for positive purposes (identifying cases of benefit underpayment) than attempting to uncover benefit overpayments. One example is the relationship between Incapacity Benefit and Disability Living Allowance, where there are procedures in place whereby IB notify DLA in cases where doubt is cast on the DLA claim.

There is no such transfer of information from IB when the claimant is not getting DLA but may be entitled.

- **Benefit payment via Automated Credit Transfer**

The Agency has recently conducted a survey of over 900 claimants with a view to gathering more information on why claimants have chosen their current method of payment, and specifically why the claimant did not select credit transfer into an account.

The survey is completely voluntary, and was conducted through home visits. Claimants were selected from six benefits (Child Benefit, JSA, DLA, Incapacity Benefit, IS, and Retirement Pension), the survey ran from 21 November 2000 until 28 January 2001.

This exercise links to work which is ongoing behind the scenes in relation to Universal Banking between the DTI, Post Office and Banks. Basic bank accounts are being developed for customers who should still be able to get their benefit in cash at the Post Office although it will be paid electronically.

AIAC would be concerned that claimants are not in any way disadvantaged by these developments:

1. Being subject to fees;
2. Being subject to credit worthiness checks;
3. The possibility of running up overdrafts;
4. Benefit paid through ACT being deducted at source for other debts, leaving the client with very little money to live on;
5. Identification requirements;
6. Access;
7. Voluntary / Compulsory (at the moment the Agency has no right to make claimants open bank accounts);
8. Problems with ACT (hacking, systems crashing, systems overpaying claimants resulting in claimants owing the Agency money to be repaid out of their benefit);
9. Making the system secure (money being 'drawn' by someone other than the claimant from the account);
10. Savings to the Agency resulting in the introduction of ACT;
11. How these savings will be used to the benefit of claimants;

On this issue, the Rowntree Foundation published very interesting research:

Kept out or opted out? Understanding and combating financial exclusion

Elaine Kempson and Claire Whyley

“One and a half million households lack even the most basic of financial products, such as a current account and home contents insurance. A further 4.4 million are on the margins of financial services provision.

Using data from the Family Resources Survey, this report identifies how many

households in Britain have no, or very few, mainstream financial products, and who they are. The report also draws on 87 in-depth interviews to describe the processes that lead to financial exclusion, and the consequences for households that are excluded financially. The authors document the unmet needs that exist for financial products and conclude by highlighting innovative ways of providing financial services that are more appropriate to the needs of financially excluded households.”

Contact information on this briefing:

**Bob Stronge (Director)
Kevin Higgins (Membership Support Worker)
Association of Independent Advice Centres
303 Ormeau Road
Belfast
BT7 3GG
Tel: 028 9064 5919
Fax: 028 9049 2313
Email: bob@aiac.net
kevin@aiac.net
Website: www.aiac.net**

AIAC Mission Statement

AIAC is a voluntary organisation for the independent advice sector in Northern Ireland, representing and giving voice to its members aspirations to deliver effective and holistic, community or issue-based advice through the provision of services, support and development opportunities.

Values

As a membership organisation, our values are embedded in promoting the application of creative community development approaches to advice giving, which place people and communities at the centre of the process and involves them in finding solutions and making informed choices.

AIAC believes in

Quality advice which is delivered free.

Advice services which are impartial and non-judgemental and respect the individuals dignity.

Advice which is wholly confidential, and accountable to the public.

Independent advice, which is free from statutory or private control and is both non-party political and non-sectarian in nature.

Advice services which are aimed specifically towards overcoming social exclusion.

Offering people choice through the provision of flexible, accessible advice services.

Social Policy Briefing

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