SINN FÉIN

LEADERSHIP ACROSS IRELAND

WELFARE

THE FACTS

Executive Summary

This dossier sets out the documentation, which informed the welfare agreement of December 19th. At all times Sinn Féin was absolutely clear, privately and publicly, that the agreement was to provide full protection for current and future claimants of benefits under the control of the Executive. These documents illustrate that this is the case.

This position was confirmed on January 12th by the DSD Minister Mervyn Storey, when he told the Assembly he would be bringing forward an Executive paper on the operation of the Welfare Bill that ensures, '**no one in Northern Ireland is adversely affected as a result of the changes'.**

The protection of existing and future claimants was the basis on which Sinn Féin endorsed the Welfare Bill.

However, three weeks ago on February 19th, the DSD Minister supplied Sinn Féin with a draft paper setting out how the Minister was proposing to operate the Supplementary Payment Fund which stated: "The development of a system which would include future claimants will be necessarily complex, with the result that the timescales set out in the Stormont House Agreement will be unachievable. Therefore, it is **my proposal** that the Scheme is available to **existing claimants only.**"

This proposition was the first time that the exclusion of future claimants was mentioned to Sinn Féin. It further proposed only partial protection for existing claimants. This represented a clear departure from the agreed position and was repudiated by Sinn Féin, both by email and at a meeting on February 23rd.

A second draft paper, received on Wednesday, February 25 restated these new proposals.

This second paper also contained annexed documentation compiled by DSD officials to inform the DUP- Sinn Féin talks in December. These were not shared with Sinn Fein at the time.

Sinn Fein immediately contacted the DUP again, informing them once more that the proposed scheme did not reflect what was agreed. We stressed that any movement away from full protection for current and new claimants would not be agreed by Sinn Féin.

In an attempt to resolve this problem, on Monday, March 2nd, Sinn Féin sought a meeting with the DUP. Sinn Féin advisors met DUP advisor Stephen Brimstone the following day, to no avail.

Sinn Fein, led by Martin McGuinness met with Peter Robinson on March 4th and three times on March 5th. One of these discussions was attended by the DSD officials who had prepared the December 18th papers. The officials set out the basis on which they had prepared these projections including confirmation that costings had been calculated on the basis of **existing and future** ESA contributory based claimants.

Following these discussions, the DUP agreed to the projections for full protection of existing and new claimants. Peter Robinson agreed to meet at lunchtime on Friday, March 6th to discuss these projections. Martin McGuinness travelled from Derry for this meeting and waited through to 4pm. The DUP did not appear.

Martin McGuinness made himself available for discussion on Saturday and Sunday, 7th and 8th despite his duties at the Ard Fheis. The DUP refused to engage over this period. Having spent three weeks raising these serious concerns with the DUP to no avail, Sinn Fein was obliged to lodge a petition of concern

The DUP had the projections on Friday, March 6th, but these were only supplied to Sinn Féin on Monday, March 9th at 6pm, after Sinn Féin had submitted a Petition of Concern and the Bill had been withdrawn

Bad Faith

"At Stormont House the five parties agreed a series of measures to protect the vulnerable and safeguard current and future welfare claimants under the control of the executive.

"As the papers contained in this dossier demonstrate the DUP acted in bad faith in December and since. This bad faith involved withholding important information prepared by DSD officials from Sinn Féin. The only reason for withholding this information was to mislead and in so doing to allow the DUP to artificially deflate the funding necessary for the Supplementary Payment Fund.

"That is totally unacceptable. If the DUP want to strip benefits from children with disabilities, from adults with severe disabilities, the long-term sick; or push children further into poverty, then they need to explain and justify that. Sinn Féin certainly will not accept that approach.

All figures in this Dossier were supplied by Department for Social Development.

Record of Exchange

Before and during the Stormont House negotiations Sinn Féin was absolutely clear that protecting current and future claimants of benefits within the control of the Executive was the only basis on which we would agree to proceed with the Welfare Bill.

That is the basis on which we reached agreement on December 23rd in Stormont House. (Paper 1)

On 12th January, DSD Minister Mervyn Storey, in response to an oral Assembly question said;

> There is a huge amount of work. I have given an undertaking to the Assembly in relation to the information that we will bring to the Assembly, in terms of the guidance notes and how the Bill will make its passage through the House. **That will be subject to a paper that, I trust, I will be able to bring to the Executive shortly, so that we can progress the issue in a way that is efficient and effective, and so that no one in Northern Ireland is adversely affected as a result of the changes.**

On the 19th of February a paper from the DUP to Sinn Féin, in regard to Supplementary Payment Fund stated;

> **The development of a system which would include future claimants will be necessarily complex, with the result that the timescales set out in the Stormont House Agreement will be unachievable. Therefore, it is my proposal that the Scheme is available to existing claimants only.**

And

<u>Preferred Option</u>

> **Calculating the payment to be paid to claimants on the income based benefits will be both time consuming and complex, and will involve increasing administrative costs relative to the number of calculations that are required. At its core it is the understanding of my officials that the Executive want the Scheme to provide support for claimants and not compensate them for changes in the level of payment which they are to receive.**

This paper and these propositions were the first mention of partial protections and the exclusion of future claimants and were a departure in a substantive way from the agreed position. The use of the terms, "my proposal" and "preferred option" to describe these positions indicate clearly that these were new positions being presented for the first time. Sinn Féin made it absolutely clear that we were not prepared to proceed on this basis.

25th of February, the DUP supplied Sinn Féin with a second Supplementary Payment Fund paper which reiterated this position.

Sinn Fein is not prepared to proceed with welfare legislation on this basis.

The sequence of events is as follows;

On December 17th Peter Robinson presented a proposal to the 5 Executive Parties, (Paper 2). The other parties agreed this. Sinn Fein did not.

Sinn Féin rejected this paper because it did not contain full protection of current and future claimants in a number of clearly defined categories, who had been targeted by the Tory legislation in Britain. These are families with children, children with disabilities, adults with severe disabilities and the long term sick.

On 18/12/2014, SF and DUP concluded a more advanced agreement which did include these categories.

The costings for this protection were set out in a table (Paper 3) provided by DSD officials titled "High level estimated costs of DUP, SF, UUP proposals". Some projected costings were missing from this table in relation to Severe Disability Premiums. We were told that the costings could not be provided because of the uncertainty around future claimants.

A new paper, (Paper 4) was then produced creating a Supplementary Payment Fund to provide protection for these specific groups. Because of the gap in information the status of the costings was described as indicative and not definitive which is why we agreed a mechanism to review funding levels in Year 3. This paper was annexed to the Stormont Castle Agreement and was endorsed by all 5 parties. The review was subsequently referenced in an Executive Paper, supplied by Minister Storey saying; "There was also a commitment to carry out an interim evaluation in Year 3 of the Scheme, including levels of funding".

We now know that some of the documentation compiled by officials to inform our discussions with the DUP was withheld from Sinn Fein. In particular it subsequently transpired that the DUP had deflated the full costings by withholding the projections for Severe Disability Premiums.

On 19th February, in the wake of the SHA, we received a draft Supplementary Payment Fund Scheme (SPFS) from DUP. This paper, to operationalise the SPF Scheme, was to provide protections for families with children, children with disabilities, adults with severe disabilities and the long term sick. It including new propositions in relation to partial only protections and excluding future claimants from any protections.

On 23rd February the party met with DUP/DSD Minister Mervyn Storey and his DUP advisor Stephen Brimstone. The party made it clear that the proposed scheme did not match what had been agreed between our parties. Following on from the meeting we emailed the DUP setting out our position.

" On the back of our conversation today, just to reiterate, Sinn Fein agreed a package on the basis that it was for current and future and that the figures presented was for full loss of benefit.

The phrases 'partial protection' and 'current claimants only' did not appear in any documentation prior to this. Indeed the paper which deals with these issues states clearly 'retention of benefit' there is no mention of partial payments or for current claimants only. Any movement away from this will not be agreed by Sinn Fein and would have obvious and serious political ramifications. This needs dealt with prior to any discussions with officials re: outworking of schemes.

On the morning of the 24th of February DUP advisor Stephen Brimstone contacted the party by phone to inform us that a new paper would be coming.

Sinn Fein received a second SPF Scheme on 25th February. This new version also excluded new claimants and only offered partial protection for current claimants.

On the 25th of February the party again emailed Stephen Brimstone to reiterate that the proposed scheme did not reflect what was agreed between our parties. "As I indicated in my email the other day to you, Sinn Fein agreed a package on the basis that it was for existing and future claimants and for full and not partial loss of benefit. Just to reiterate, any movement away from this will not be agreed by Sinn Fein".

However the SPF paper of the 25th February did contain a number of papers that had been prepared by DSD officials to inform the discussions between the DUP and Sinn Fein in December. The DSD paper of 25th February assumed that all the information provided in December had been shared with Sinn Fein. In fact most of the information had been withheld from Sinn Féin and some of the figures on which they were based (set out in Paper 3) were misleadingly omitted.

The SPF paper of the 25th February states;

"At **Annexes D, E and F** are the three proposals that were discussed during bi-laterals between DUP and SF representatives during the Stormont Castle political discussions. These proposals had been developed by officials to enable party leaders to discuss issues pertaining to the impact of the welfare changes on different claimant groups."

In fact these papers were withheld from Sinn Féin by the DUP. They contained the projections missing from the December 18th paper. The absence of these supposedly 'unknown' projections allowed the DUP to artificially deflate the overall projection and thereby reduce the projected fund needed to protect the affected categories of claimants.

These documents and the omissions provide clear evidence that the DUP not only acted in bad faith in December on the issue of welfare, but that they were dishonest in deliberately with-holding from SF important information supplied by officials for both SF and the DUP with the intention and effect of distorting the outcome of the negotiations.

Despite this, and in an attempt to resolve this problem, on 2nd March SF sought a meeting with Stephen Brimstone. He met SF advisers on 3rd March. The meeting went nowhere with Brimstone stating that all the schemes would have to fit within the £125m envelope of funding which we now know was artificially and dishonestly deflated. Anything outside of that, he said, would have to be agreed between the First and deputy First Ministers.

Sinn Fein, led by Martin McGuinness met with Peter Robinson on 4th March and three times on the 5th March. The second meeting, on the 5th March, was attended by the DSD officials who had prepared the costings for the Sinn Féin DUP discussions on the18th December. At the meeting on the 5th March the officials set out the basis on which they had prepared these projections including confirmation that costings had been calculated on the basis of existing and **future** ESA contributory based claimants.

Proposition (Annex F Supplementary Payment Scheme)
Estimate an annual cost for protecting existing and **future** ESA contributory based claimants who are taken off benefit at the 12 month timeline.

Annual Caseload Figures and Costs

Year 1	5,690	Cost	£25.6million
Year 2	1,200	Cost	£6million

Years 3-6	1,200	Cost	£20million

Some of these costings were included in the paper supplied to Sinn Féin on 18th December, Paper 3. Other costings were not and were described in the paper as NK (not known).

At the meeting on the 5th March DSD officials confirmed that they had prepared the costings on the basis of current and future claimants;

and

They had not been working within a limited or set envelope of funding.

Annex F, of 25th of February Supplementary Payment Fund states clearly that the projected costings are for **future** and existing ESA claimants.

Annex E, of the same paper, shows that the figures provided for Child Additional Rates when referenced against Paper 3 were for **future** claimants as it allows for annual caseload figures coming on year on year.

Annual Caseload Figures
High Care 1,330
Middle/Low Care 1,490
Difference between Universal Credit Child Addition Lower Rate (£123) and current Child Tax Credits Rate (£245) = £122
1,490 x 122 x 12 = £2,181,000 per year

Annual cost = £2.2million

Following these discussions, the DUP agreed to the projections for full protection of existing and new claimants. Peter Robinson agreed to meet at lunchtime on Friday, March 6th to discuss these projections. Martin McGuinness travelled from Derry for this meeting and waited through to 4pm. The DUP did not appear.

Martin McGuinness made himself available for discussion on Saturday and Sunday, 7th and 8th despite his duties at the Ard Fheis. The DUP refused to engage over this period. Having spent three weeks raising these serious concerns with the DUP to no avail, Sinn Fein was obliged to lodge a petition of concern

The DUP had the projections on Friday, March 6th, but these were only supplied to Sinn Féin on Monday, March 9th at 6pm, after Sinn Féin had submitted a Petition of Concern and the Bill had been withdrawn

Chronology

Sinn Féin is publishing this record of communication between ourselves and the DUP in order to set the record straight. At Stormont House the five parties agreed a series of measures to protect the vulnerable and safeguard current and future welfare claimants under the control of the executive.

As the papers contained in this dossier demonstrate the DUP acted in bad faith in December and since. This bad faith involved withholding important information from Sinn Féin which had been prepared by Department of Social Development officials. The only reason for withholding this information was to mislead and in so doing to allow the DUP to artificially deflate the funding necessary for the Supplementary Payment Fund.

That is totally unacceptable. If the DUP want to strip benefits from children with disabilities, from adults with severe disabilities, the long-term sick; or push children further into poverty, then they need to explain and justify that. Sinn Féin certainly will not accept that approach.

17th Dec	Peter Robinson presented a proposal to the five Executive parties (Paper 2) which was rejected by Sinn Féin as it did not provide full protection of current and future claimants in a number of clearly defined categories – families with children, children with disabilities, adults with severe disabilities and the long term sick.
18th Dec	Sinn Féin and the DUP concluded a more advanced agreement which included the above categories and the costings as set out in paper 3 by the Department for Social Development. Some projected costings were missing from this table in relation to Severe Disability Premiums. We were told by the Department that the costings could not be provided because of the uncertainty around future claimants.
23rd Dec	A new paper (paper 4) was then produced creating a Supplementary Payment Fund to provide protection for these specific groups. The status of the costings was described as indicative and not definitive and a mechanism to review funding levels was greed in Year 3. This paper was annexed to the Stormont House Agreement which was endorsed by all parties. The Stormont House Agreement created a Supplementary Payment Fund to provide protection for a number of categories including children with disabilities.
29th Dec	The Sinn Féin Ard Chomhairle met and endorsed the agreement.
12th Jan	Social Development Minister Mervyn Storey, speaking in the Assembly said "There is a huge amount of work. I have given an undertaking to the Assembly in relation to the information that we will bring to the Assembly, in terms of guidance notes and how the Bill will make it's passage through the House. That will be subject to a paper that, I trust, I will be able to bring to the Executive shortly, so that **we can progress the issue in a way that is efficient and effective, and so that no one in Northern Ireland is adversely affected as a result of the changes"**

The five party leaders met in the Executive Room to implement what had been agreed at the Stormont House – there were 7 further meetings in January and February.

19th Feb — Sinn Féin received a draft Supplementary Payment fund Scheme (paper 5) from the DUP. This paper was to provide protections for families with children, children with disabilities, adults with severe disabilities and the long term sick. It failed to do that.

23rd Feb — Sinn Féin met with Minister Mervyn Storey and his DUP advisor Stephen Brimstone. We made it clear that the proposed scheme did not match what had been agreed. Following the meeting we emailed the DUP setting out our position *"On the back of our conversation today, just to reiterate, Sinn Féin agreed a package on the basis that it was for current and future and that the figures presented was for full loss of benefit."*

24th Feb — DUP advisor Stephen Brimstone contacted the party by phone to say that a new paper was coming.

25th Feb — Sinn Féin received a new Supplementary Payment Fund paper (paper 6). This new version also excluded new claimants and only offered partial protection for current claimants.

Sinn Féin emailed Stephen Brimstone to reiterate that the proposed scheme did not reflect what was agreed between our parties "*As I indicated in my email the other day to you, Sinn Féin agreed a package on the basis that it was for existing and future claimants and for the full and not partial loss of benefit. Just to re-iterate, any movement away from this will not be agreed by Sinn Féin"*

However the Supplementary Payment Fund paper did contain papers which had been prepared by the Department for Social Development to inform discussions between the DUP and Sinn Féin in December. The Department had assumed that these papers (annexes D,E and F contained in paper 6) had been provided to Sinn Féin. In fact they had been withheld from Sinn Féin. Some of the figures on which they were based were withheld.

These documents are clear evidence that the DUP not only acted in bad faith in December on the issue of welfare, but that they were dishonest in deliberately withholding from Sinn Féin important information supplied by the Department with the intention of distorting the outcome of the negotiations.

2nd March — Sinn Féin sought a meeting with the DUP.

3rd March — DUP advisor Stephen Brimstone met with Sinn Féin advisors.

4th March — Martin McGuinness met with Peter Robinson

5th March — Martin McGuinness met with Peter Robinson on three occasions. The second meeting was attended by the Department of Social Development. The Department officials confirmed what was contained in Annex F of paper 6 – that costings were for protecting existing and future ESA claimants.

Annex E of paper 6 shows that the figures provided for Child Additional Rates were for future claimants.

Following these meetings the DUP agreed to commission new projections for the full protection of both existing and new claimants.

6th March — Peter Robinson had agreed to meet Martin McGuinness in Belfast. Martin McGuinness travelled from Derry and waited until 4pm. The DUP did not turn up. Martin McGuinness said he would make himself available for a meeting on the 7th or 8th even if it meant leaving the Ard Fheis. The DUP refused to engage.

9thMarch — The new projections were only supplied to Sinn Féin at 6pm on Monday 9th after Sinn Féin had submitted a Petition of Concern and the Bill had been withdrawn.

Conclusion

“Since the beginning of this year Sinn Féin has engaged proactively and positively with the Party Leaders’ group to ensure the full implementation of the Stormont House agreement.

“We have honoured our commitments and have worked constructively to put in place the welfare protections agreed last December.

“This package protects children with disabilities, adults with severe disabilities, the long-term sick and children in large families. We have been clear that the enactment of these protections is a red line issue for Sinn Féin.

“We have faithfully supported the implementation of the agreement on the floor of the Assembly.

“At Stormont House the five parties agreed a series of measures to protect the vulnerable and safeguard current and future welfare claimants under the control of the executive.

“As the papers contained in this dossier demonstrate the DUP acted in bad faith in December and since. This bad faith involved withholding important information prepared by DSD officials from Sinn Féin. The only reason for withholding this information was to mislead and in so doing to allow the DUP to artificially deflate the funding necessary for the Supplementary Payment Fund.

“That is totally unacceptable. If the DUP want to strip benefits from children with disabilities, from adults with severe disabilities, the long-term sick; or push children further into poverty, then they need to explain and justify that. Sinn Féin certainly will not accept that approach.

“Until such times as the minister can produce a scheme for agreement which gives effect to the intent of the Stormont House Agreement by providing full protection for current and future claimants, Sinn Féin will not be in a position to support the Welfare Bill going through the Assembly.

“The DUP have attempted to effect Tory welfare cuts by subterfuge but at the heart of this crisis is the ideologically driven attack on the welfare state by the Tory-led government in London.

“Sinn Féin will not be part of any agenda that punishes the most vulnerable in our society.”

Paper 1

Extracts from Stormont House Agreement

This shows that the SHA was a high level agreement which did not deal with the detail and that further work was needed to develop and implement a package of measures to address local need.

> *Legislation will be brought before the Assembly in January 2015 to give effect to welfare changes alongside further work to develop and implement flexibilities and top-ups from the block grant as part of a package of measures to address local need.*
>
> *Implementation of these welfare changes will begin to take place in the financial year 2015-16 and implementation will be complete by 2016-17.*

Paper 2

Four Party Agreement

Below is the paper presented by Peter Robinson on December 17th to the 5 Executive Parties. The SDLP, UUP Alliance and DUP agreed this. Sinn Fein did not.

Sinn Féin rejected this paper because it did not contain full protection of current and future claimants in a number of clearly defined categories who had been targeted by the Tory legislation in Britain. These are families with children, children with disabilities, adults with severe disabilities and the long term sick.

Annex A

Provisional Agreement on Welfare Reform

1. have reached provisional agreement on welfare reform based on a package of measures aimed at protecting the most vulnerable people in our society. This package of measures will ensure:

- Tenants in social housing will be protected from the introduction of the bedroom tax;
- People on Universal Credit will have their rents paid directly to their landlords;
- Flexibility in how people are paid their Universal Credit benefit;
- People moving from Disability Living Allowance to Personal Independence Payment will receive levels of protection where they are financially worse off either through loss of the benefit or reduction in the amount to be received;
- New arrangements will be introduced to help ensure people moving from Disability Living Allowance, and whose disability is related to a troubles related event, qualify for Personal Independence Payment;
- No claimant has an adverse decision made against their claim for Personal Independence Payment without a report from their doctor or consultant having been considered by the benefit decision maker;

- The civil penalty for people who deliberately submit false information when making a claim for social security benefits is not introduced;
- Financial support to help people living in social or private rented housing and some owner occupiers with their rates bills;
- A reduction in the maximum sanction period from 3 to 2 years for claimants who consistently refuse to take up employment; and
- Lone parents will not be sanctioned for refusing offers of work or training if they cite a lack of childcare provision as the sole reason.

2. have provisionally agreed that over £585 million will be allocated over the next 6 years to fund the commitments within the agreement. This includes over £90 million from the 2015/16 budget.

These costs can be broadly categorised as follows:

Minister for Social Development Package of Measures	171 million
DLA\PIP Package	284 million
Rates Rebate	147 million

4. have also agreed that they wish to review how the welfare cap is to be implemented inclusive of the levels set by the coalition Government for spending on social security benefits over the next five years.

5. A paper will be brought to the Executive Committee by X January 2015 which will provide further detail on different aspects of the agreement and modalities for implementing welfare reform.

Paper 3

High level estimated costs of DUP, SF, UUP proposals

Below is a Table setting out projected costings for a number of categories not covered in the 4 Party Agreement. This paper shows that proposals were made by DUP, SF and UUP.

Some projected costings were missing from this table in relation to Severe Disability Premiums, these are reference as Not Known (NK). We were told that the costings could not be provided because of the uncertainty around future claimants. We now know that these projections were available and were contained within a paper, Annex D of Paper 5, which was withheld from Sinn Féin.

	15/16 £m	16/17	17/18	18/19	19/20	20/121	TOTA
PIP : Option A Compensation approach							
element 1	-	2.7	4.60	14.0	14.80	540	41.50
element 2	2.20	0	25.60	0	-	-	72.30
Total Option A Approach	2.20	12.6	30.2	48.6	14.8	5.4	113.80
PIP: Option B Benefit							
Using 12.5% disallowance rate vs 20% disallowance rate	-	3.0	13.0	31.3	40.5	39.2	127.13
Total Option A and B	2.2 0	15.6 4	43.2 0	79.9 1	55.3 3	44.6 6	240.93 171.30
Total costs PIP Option A and Option B and package of	27	4 8	72	10 9	8 4	73	412
Contributory ESA - retain for an additional year	25.	6.0	5.0	5.0	5.0	5.0	51.60
Severe Disability Premium - payment	-	14.77	29.55	NIK	NIK	NIK	44.32
Child Addition Rates		1.09	2.18	2.1	2.1	2.1	
Rates Relief rebate	11. 30	16.3 0	21 60	27.0 0	32.7	38.6	*147.50*
TOTAL	36. 90	38.1 6	58.3 3	34.1 8	39.8 8	45.7 8	253.24
administration of Child Addition rates and Severe Disability	2.	4.0	5.0	5.0	5.0	5.0	26.00
Total estimated costs	65.	90.1	135.3	148.1	128.8	123.7	691.24

Paper 4

Stormont Castle Agreement Annex A

Below is a paper agreed between Sinn Féin and the DUP and subsequently endorsed by all 5 Executive parties. This paper creates a Supplementary Payment Fund to provide protection for a number of categories including children with disabilities. Because of the gap in information provided to Sinn Féin we agreed to the indicative welfare spending programme as set out in Table A and to a mechanism to review funding levels in Year 3. This paper was annexed to the Stormont Castle Agreement. The review was subsequently referenced in an Executive Paper, supplied by Minister Storey saying; "There was also a commitment to carry out an interim evaluation in Year 3 of the Scheme, including levels of funding".

AGREEMENT ON WELFARE REFORM

Annex A

1. The Executive Parties ('Parties') have reached agreement on welfare reform **based on a package of measures aimed at protecting the most vulnerable people in our society. This package of measures will ensure:**

- Tenants in social housing will be protected from the bedroom tax;
- People on Universal Credit will have their housing benefit paid directly to their landlords;
- Flexibility in how people are paid their Universal Credit benefit, with the introduction of fortnightly payments and options for split payments in households;
- People moving from Disability Living Allowance to Personal Independence Payment will receive a period of protection if they are financially worse off either through loss of the benefit or reduction in the **amount to be received;**
- New arrangements will be introduced to help ensure people moving from Disability Living Allowance, and particularly those whose disabilityis due to a conflict/troubles related event, qualify for Personal Independence Payment;
- **No claimant has an adverse decision made against their claim for** Personal Independence Payment without a report from their doctor or consultant having been considered by the benefit decision maker;
- The civil penalty for submitting false information when making a claim for social security benefits is not introduced;
- **Lone parents will not be sanctioned for refusing offers of work or training if they cite a lack of childcare provision as the sole reason;**
- The creation of an annual Supplementary Payment Fund to provide **support for those who may have suffered financial loss;**
- **Funding levels will continue to be maintained for the discretionary** elements of the Social Fund which will become the Discretionary Support Fund; and

- A pilot scheme will be undertaken to test key aspects of the implementation of Personal Independence Payment to better inform future roll-out plans and to obtain early estimates on outcomes.

2. The Parties have agreed to the indicative welfare spending programme as set out in Table A

3. The Parties also agreed that they wished to review how total welfare spending is to be implemented in Northern Ireland inclusive of the levels set by the Coalition Government for spending on social security benefits over the next five years via the Welfare Cap.

4. The Parties are particularly conscious of the need to ensure that the administration of changed benefits will be planned and managed to avoid the sort of backlogs and delivery uncertainties that have been felt elsewhere.

5. A paper will be brought to the Executive Committee in January 2015 which will provide further detail on different aspects of the agreement and modalities **for implementing welfare reform.**

TABLE A

	15/16 £m	16/17 £m	17/18 £m	18/19 £m	19/20 £m	20/21 £m	TOTAL
PIP : Option A Adjustment measures approach							
element 1	-	2.70	4.60	14.00	14.80	5.40	41.50
element 2	2.20	9.90	25.60	34.60	-	-	72.30
Total Option A Approach	2.20	12.60	30.20	48.60	14.80	5.40	113.80
PIP: Option B Benefit Approach Using 12.5% disa!lowance rate vs 20% disallowance rate	-	3.04	13.00	31.31	40.53	39.26	127.13
Total Option A and B	2.20	15.64	43.20	79.91	55.33	44.66	240.93
package of measures	24.70	32.00	28.50	28.70	28.70	28.70	171.30
Total costs PIP Option A and Option 8 and package of measures	27	48	72	109	84	73	413
Supplementary Payment Fund	25	20	20	20	20	20	125
TOTAL	25	20	20	20	20	20	125.00
administration of Supplementary Payment Fund and PIP	2.00	4.00	5.00	5.00	5.00	5.00	26.00
Total estimated costs	54.00	72.00	97.00	134.00	109.00	98.00	564.00
							Average £94 **million per annum**

Paper 5

19th February Supplementary Payment Fund Scheme

This paper supplied to Sinn Féin on 19th February on Supplementary Payment Fund Scheme contained the following paragraphs;

> The development of a system which would include future claimants will be necessarily complex, with the result that the timescales set out in the Stormont House Agreement will be unachievable. Therefore, it is my proposal that the Scheme is available to existing claimants only.

And

<u>Preferred Option</u>

> Calculating the payment to be paid to claimants on the income based benefits will be both time consuming and complex, and will involve increasing administrative costs relative to the number of calculations that are required. At its core it is the understanding of my officials that the Executive want the Scheme to provide support for claimants and not compensate them for changes in the level of payment which they are to receive.

This paper and these propositions were the first mention of partial protections and the exclusion of future claimants and were a departure in a substantive way from the agreed position. The use of the terms, "my proposal" and "preferred option" to describe these positions indicate clearly that these were new positions being presented to the Executive for the first time. Sinn Féin made it absolutely clear that we were not prepared to proceed on this basis.

Paper 6

25th February Supplementary Payment Fund Scheme

This second Supplementary Payment Fund paper, supplied to Sinn Féin on 25th February contained information that had been prepared by officials to inform the discussions between the DUP and Sinn Fein in December.

The DSD paper of 25th February assumed that these papers (annexes D, E and F) had been provided to Sinn Fein. This was not the case. In fact these papers were withheld from Sinn Féin and some of the costings were misleadingly omitted in the paper supplied to Sinn Féin on December 18th, Paper 3.

> At **Annexes D, E and F** are the three proposals that were discussed during bi-laterals between DUP and SF representatives during the Stormont Castle political discussions. These proposals had been developed by officials to enable party leaders to discuss issues pertaining to the impact of the welfare changes on different claimant groups.

Additionally the paper of the 25th February also excluded new claimants and only offered partial protection for current claimants.

> It is agreed that the Scheme must provide support to existing claimants who have suffered an adverse impact as a consequence of the changes to the welfare system. Whilst there are arguments that the Executive should also support future claimants against the impact of the current changes, the implications of doing so are such that it would not be possible to address the legal, operational and financial challenges in the current delivery timeframes.
>
> The development of a system which would include future claimants will be necessarily complex, with the result that the timescales set out in the Stormont House Agreement will be unachievable. Therefore, it is proposed that the Scheme would only be available to existing claimants.
>
> The difference between current benefit payments and those which will be received by claimants under the new system varies greatly between individuals in receipt of disability premiums, so the most equitable options to support this claimant group would either be to pay a percentage of actual loss or a range of payment levels based on the loss incurred.

In regard to Child Disability Premiums the 25th February paper set out the costings as;

Annual Caseload Figures
High Care 1,330
Middle/Low Care 1,490
Difference between Universal Credit Child Addition Lower Rate (£123) and current Child Tax Credits Rate (£245) = £122
1,490 x 122 x 12 = £2,181,000 per year
Annual cost = £2.2million

This figure, contained within Paper 3, conflicts with figures now being brought forward by DSD in regard to current claimants. In fact the figure matches what would be required for new claimants.

Annex A

Overall cost to pay all existing claimants their total loss

Benefit	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total Cost
ESA Time Limiting: Paid for one year Full ESA + WRAG payment for claimants that lose all entitlement 100% of actual loss for claimants entitled to lesser amount of ESA (IR)	£31,470,000	£5,281,000	£929,000	£959,000	£972,000	£899,000	£40,510,000
Child Disability Premiums: 100% of actual loss paid for duration of fund	£0	£89,000	£1,426,000	£3,835,000	£5,653,000	£6,618,000	£17,621,000
Adult Disability Premiums: 100% of actual loss paid for duration of fund	£2,602,000	£17,009,000	£44,525,000	£69,313,000	£76,158,000	£78,470,000	£288,077,000
TOTAL COST	**£34,072,000**	**£22,379,000**	**£46,880,000**	**£74,107,000**	**£82,783,000**	**£85,988,000**	**£346,208,000**

Figures Rounded to Nearest £1,000, totals may not sum due to rounding

Annex B

Prioritisation approach

Benefit	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total Cost
Hardship Scheme	£1,000,000	£1,000,000	£1,000,000	£1,000,000	£1,000,000	£1,000,000	£6,000,000
Child Disability Premiums: 100% of actual loss paid for duration of fund	£0	£89,000	£1,426,000	£3,835,000	£5,653,000	£6,618,000	£17,621,000
ESA Time Limiting: 75% of actual loss paid for 1 year	£23,771,000	£3,982,000	£696,000	£719,000	£731,000	£674,000	£30,572,000
Adult Disability Premiums: Available funds	£229,000	£14,929,000	£16,878,000	£14,446,000	£12,617,000	£11,709,000	£70,807,000
TOTAL	**£25,000,000**	**£20,000,000**	**£20,000,000**	**£20,000,000**	**£20,000,000**	**£20,000,000**	**£125,000,000**

Figures Rounded to Nearest £1,000, totals may not sum due to rounding

Annex C

Overall cost to support all existing claimants if Child Tax Credit and Working Tax Credit claimants are deemed ineligible for the Scheme

Benefit	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total Cost
ESA Time Limiting: Paid for one year Full ESA + WRAG payment for claimants that lose all entitlement. 100% of actual loss for claimants entitled to lesser amount of ESA (IR).	£31,470,000	£5,281,000	£929,000	£959,000	£972,000	£899,000	£40,510,000
Adult Disability Premiums: 100% of actual loss paid for duration of scheme. No WTC losses included.	£1,383,000	£12,174,000	£37,294,000	£59,686,000	£66,531,000	£68,843,000	£245,910,000
TOTAL COST	**£32,853,000**	**£17,455,000**	**£38,222,000**	**£60,645,000**	**£67,503,000**	**£69,742,000**	**£286,420,000**

Figures Rounded to Nearest £1,000, totals may not sum due to rounding

Annex D

PROPOSAL 1

The assumptions underpinning this proposal are that;

- Existing claimants in receipt of Disability Premiums will transfer to Universal Credit;
- This will impact on those claimants on JSA (IB), ESA (IB)and Income Support claimants on disability premiums
- Under Universal Credit these claimants will be able to receive a disability allowance if they are deemed to have Limited Capability for Work or Limited Capability for Work and Work Related activity determined through a work capability assessment
- Where claimants are transferred to Universal Credit, they will receive transitional protection for as long as there are no significant changes in their circumstances;
- ESA estimates are based as the difference between Single and Couple rates for ESA and the LCW and LCWRA rates on Universal Credit
- JSA/IS estimates are based on current annual on flows to premiums and the single and couple rates;
- The on-flow figures for ESA have been reduced by 50% on the grounds that off flow figures are not currently available and it is unrealistic to assume the cumulative growth in the numbers in the live load without an annual adjustment. No adjustment has been made for off flows to IS and JSA.

Proposition

Estimate the annual financial cost of compensating those families who transfer to Universal Credit so that they will receive the same level of payment as they would have received under the legacy system. This proposition does not apply to claimants who are migrated to the Universal Credit who will receive transitional protection.

Information

Onflows:

JSA and ISA all disability premiums on flows: 5480 per annum

ESA on flows to related premiums: 5,700 per annum

JSA and IS protected at current rates – leading to increasing costs from £9million in year 1 to £37million in year 6 totalling £131 million over the period

ESA top up from UC to ESA current rates ranging from £139 per claim for LCW to £218 for LCWRA. Caseloads on flows reduced by 50% per annum, resulting in annual cost of £5million rising to £22million by year 6 totalling £76million over the period.

Annex E

PROPOSAL 2

The assumptions underpinning this proposal are that;

- Existing claimants in receipt of a child disability premium or enhanced child disability premium will transfer to Universal Credit;
- Under Universal Credit children are automatically passported through to their Disabled Child Addition Higher Rate or Lower Rate;
- Disabled Child Addition Higher Rate under Universal Credit is higher than the Child Tax Credit Disabled Child payment: or
- The Disabled Child Addition Lower Rate under Universal Credit is lower than the Child Tax Credit Disabled rates; and
- Families who receive less under Universal Credit than they had received previously under the legacy benefit systems will suffer no financial loss. They will continue to receive the same level of benefits until there is a significant change in their circumstances.

Proposition

Estimate an annual financial cost of compensating those families who transfer to Universal Credit and who receive less in payments for their disabled child than they would have received under the legacy systems.

Information

Current Caseload	17,890
High Care	9,100
Middle/Low Care	8,790

Annual Caseload Figures

High Care	1,330
Middle/Low Care	1,490

Difference between Universal Credit Child Addition Lower Rate (£123) and current Child Tax Credits Rate (£245) = £122

1,490 x 122 x 12 = £2,181,000 per year

Annual cost = £2.2million

Annex F

PROPOSAL 3

The assumptions for this proposal are that:

- Existing ESA contributory based claimants lose entitlement to the ESA benefit after 12 months;
- They are able to claim JSA (Contributory) but can only do so for 6 months. Once this period has ended they are not able to claim either JSA/ESA (IS) as they have either too much capital >£16k or a partner who is working more than 24 hours per week;
- They will not be able to claim any other income based benefit until their level of capital is reduced or the working hours of their partner changes;
- At present it is estimated that at A day 5,600 ESA claimants will lose entitlement to benefit at the end of the first 12 month period. A further 1,200 claimants will lose it in each 12 month period thereafter;
- It is not possible to accurately estimate the costs because it is dependent on each individual's National Insurance contributions, record and personal circumstances as to level of capital and number of hours their partner is working.

Caseload assumptions

Assumptions have been made on the following basis:

- 50% of caseload at A day will go to JSA contributory – compensation level is that between JSA and ESA payment rate;
- After 6 months compensation for this 50% of caseload will be on the basis of full ESA payment;
- 50% of caseload will be at full ESA payment.

Proposition

Estimate an annual cost for protecting existing and future ESA contributory based claimants who are taken off benefit at the 12 month timeline.

Annual Caseload Figures and Costs

Year 1	5,690	Cost	£25.6million
Year 2	1,200	Cost	£6million
Years 3-6	1,200	Cost	£20million