

21st Century Welfare

Quick summary

Iain Duncan Smith, the Secretary of State for Work and Pensions, set out his plans to completely change the benefits system in the paper *21st Century Welfare*. This was published on 30 July 2010.

He proposes to help people move into work by letting them keep more of their earnings. This would make sure that the advantages of work are clear and easy to understand.

There would be a major reform of the range of credits and benefits available, and how help from these will reduce bit by bit as people start and progress in their work.

The proposals for a simpler benefits system could:

- Bring together parts of the current benefits and Tax Credit systems,
- Simplify the financial help available to people both in and out of work, and
- Allow extra support for things like housing, children and disability.

People would be encouraged to get a job as they would not lose benefit until their earnings reached a certain level. Over this level benefits would gradually reduce as their earnings increased. As support is not linked to the hours they can work, people will also be able to progress their careers.

A modern automatic payment system will be introduced. This will allow a fast and flexible response to changes of circumstance. So people can be sure of getting the right support even if they take on temporary work.

This simplified system will reduce mistakes and fraud, and will mean that customers need to spend less time filling out forms when a job ends.

Overall the ideas will aim to provide an affordable welfare system for the future. In doing so this will guarantee that those who cannot work get all the support they need.

There will be a consultation period on these changes from 30 July 2010 until 1 October 2010.

The full paper is available online at:

www.dwp.gov.uk/21st-century-welfare