

## **Appendix 3**

### **WELFARE REFORM TIMELINE**

#### **AUTUMN 2015 ONWARDS**

##### **The Summer Budget – 8 July 2015**

The government announced a number of welfare measures as part of the Summer Budget. These measures will be phased in and will not affect any claimants until April 2016 at the earliest, with many changes affecting only new claimants. The main changes include:

- A four-year freeze to working age benefits whilst still protecting pensioners, and benefits related to the extra costs of disability
- Lowering the Benefit Cap to £23,000 in London and £20,000 elsewhere
- A package of reforms to Tax Credits and Universal Credit, including reducing some entitlements
- Support for children through Tax Credits and Universal Credit will be limited to two children from April 2017. Equivalent changes will be made to the Housing Benefit rules.
- Reducing income threshold from April 2016 – so the level of earnings at which a household's Tax Credits and Universal Credit award starts to be withdrawn for every extra pound earned will be reduced from £6,420 to £3,850
- Increasing Tax Credit taper from April 2016 - the rate at which a person's or households tax credit award is reduced - the taper rate will be increased from 41% to 48%.
- Parents with a youngest child aged 3, including lone parents are expected to look for work if they want to claim Universal Credit
- Reform to housing and housing support - including removing the entitlement to housing support in Universal Credit for those aged 21 or under, lowering rents in the social rented sector, and social tenants on higher incomes (over £40,000 in London and over £30,000 outside London) being required to pay higher (market rate or near market rate) rents. Support for Mortgage Interest payments will be changed into a loan and there will be a four-year freeze to Local Housing Allowance rates.
- From 1 April 2017, new claimants of Employment and Support Allowance (ESA) who are placed in the Work-Related Activity Group will receive the same rate of payment as those claiming Jobseeker's Allowance and the equivalent in Universal Credit. Existing ESA claimants will be unaffected

October 2015

##### **Current National Minimum Wage (NMW) Rises**

- From 1 October 2015, the adult rate of the National Minimum Wage (NMW) rises by 20 pence from £6.50 to £6.70 per hour, as recommended by the Low Pay Commission (LPC) in March 2015.
  - the rate for 18 to 20 year olds increases by 17 pence to £5.30 per hour
  - the rate for 16 to 17 year olds increases by 8 pence to £3.87 per hour

- the apprentice rate increases by 57 pence to £3.30 per hour
- National Living Wage will be introduced - starting at £7.20 an hour for people over 25. Rising to £9.00 an hour by 2020
- Universal Credit youth obligation for 18-21 year olds to either apply for training or attend work placements from six months after the start of their claim.
- Abolishing automatic entitlement to Housing Support for new claims in Universal Credit for 18-21 year olds who are out of work, from April 2017. (exemptions will exist for some groups)
- Free childcare entitlement will be doubled from 15 hours to 30 hours a week for working parents of 3 and 4 year olds.

### **Tax Free Childcare**

The new Tax-Free Childcare scheme due to be launched in autumn 2015 has been delayed and will now be introduced in early 2017. When it is introduced, it will support parents' childcare costs and replace the existing Employer Supported Childcare Scheme.

### **Pension Credit modified**

Universal Credit is replacing Housing Benefit and Child Tax Credit so if you are over Pension Credit age you will get help with your housing costs and costs of bringing up a child through a new modified Pension Credit.

If you are currently claiming Housing Benefit and are over Pension Credit age you will be moved onto the new modified Pension Credit, between October 2015 and October 2017.

Update: This has been delayed and may not take place until 2017

### **Disability Living Allowance / Personal Independence Payment**

Claimants still receiving Disability Living Allowance (DLA) will start to be contacted to claim Personal Independence Payment instead.

DWP will randomly select DLA claimants in receipt of an indefinite award or a fixed term award, and notify them about what they need to do to claim PIP.

DWP will invite claims as early as possible from recipients who have turned 65 after 8 April 2013, when PIP was first introduced. If you turned 65 before 8 April 2013 you will remain on DLA.

All DLA claimants will have been invited to claim PIP by late 2017.

April 2016

### **Bereavement Support Payment**

The current bereavement benefit system will be replaced with a single system of Bereavement Support Payments (BSP).

## **Universal Credit - Childcare element**

An additional £200m of support will be provided within Universal Credit, which is equivalent to covering 85% of childcare costs for households qualifying for the Universal Credit childcare element where the lone parent or both earners in a couple pay income tax.

This is planned to be phased in from April 2016 as childcare support moves from tax credits into Universal Credit. Details will be set out in future spending reviews.

## **Benefit Cap**

The government in the 2015 summer budget put forward proposed plans to reduce the Benefit Cap to £23,000 in London and £20,000 elsewhere from April 2016.

The aim of extending the Genuine Prospect of Work (GPoW) assessment is to ensure that all EEA nationals claiming income-based JSA are treated in the same way, regardless of when they made their claim to benefit

## **Freeze on Working-age benefits**

From April 2016 government plan to introduce a four-year freeze to working age benefits whilst still protecting pensioners, and benefits related to the extra costs of disability. See Summer Budget 2015 page

## **New National Living Wage**

From April 2016 New National Living Wage will be introduced- starting at £7.20 an hour for workers aged 25 and above. Rising to £9.00 an hour by 2020. See Summer Budget 2015 page

## **Cut to in-work Tax Credits**

From April 2016, the level of earnings at which a household's tax credits and Universal Credit award starts to be withdrawn for every extra pound earned will be reduced from £6,420 to £3,850. See Summer Budget 2015 page

Tax credit taper – The rate at which a person's or household's tax credit award is reduced will be increased from 41% to 48% . See Summer Budget 2015 page

## **Reduction in Social Sector Rents**

The government will reduce rents paid by tenants in social housing in England by 1% a year for 4 years from 2016.

## **Freeze to Local Housing Allowance**

There will be a four-year freeze to Local Housing Allowance rates for 4 years from 2016-17 to 2019-20.

## **Limiting backdating in Housing Benefit**

From April 2016, Housing Benefit claims will be backdated for a maximum of 4 weeks.

## **Support for Mortgage Interest(SMI) Waiting Period Increased**

From 1 April 2016, the SMI waiting period will change from 13 weeks and will return to the pre-recession length of 39 weeks, but the capital limit will be maintained at the higher level of £200,000.

## **Removal of Pension Credit Assessed Income Period**

From 6 April 2016 households on Pension Credit will now need to report all changes in their circumstances that will affect their benefit as they happen. Pensioners aged 75 and over who have an indefinite assessed income period in place will not be affected by the change unless the assessed income period would end under current rules. For more information see [GOV.UK Pension Credit factsheet](#)

During 2017

## **Tax Free Childcare**

Tax Free Childcare is to be introduced as a replacement for employer supported childcare ([childcare vouchers](#)).

The government will contribute up to 20% of the first £10000 of registered childcare costs per child, per year. This equates to a maximum of £2000 per child, per year.

The scheme will be available to people who have an annual income under £150,000 and are not receiving help with childcare via tax credits. It is expected to reach more people than the current scheme.

For further details see our [Tax Free Childcare information sheet](#).

## **Tax Credits Support for children reduced**

Government proposed in the summer budget 2015 that support for children through Tax Credits and Universal Credit will be limited to two children from April 2017. Equivalent changes will be made to the Housing Benefit rules. [See Summer Budget 2015 page](#)

## **Tax Credit Family Element removed**

Tax Credit Family element proposed change: People starting a family after April 2017 will no longer be eligible for the Family Element in tax credits. The equivalent in Universal Credit, known as the first child premium, will also not be available for new claims after April 2017.

## **Universal Credit requirements for parents to look for work**

Parents with a youngest child aged 3, including lone parents are expected to look for work if they want to claim Universal Credit.

### **Reduction in payment for ESA Work-Related Activity Group Claimants**

From 1 April 2017, new ESA claimants who are placed in the Work-Related Activity Group will receive the same rate of payment as those claiming Jobseeker's Allowance and the equivalent in Universal Credit. [See Summer Budget 2015 page](#)

### **Universal Credit Youth Obligation**

18-21 year olds who are on Universal Credit will have to either apply for training/ apprenticeships or attend a work placements from six month after the start of their claim. Apart from certain exempt groups ( those considered to be vulnerable) – proposed introduction from April 2017 .

### **Free Childcare Extended**

Free childcare entitlement will be doubled from 15 hours to 30 hours a week for working parents of 3 and 4 year olds from September 2017.

### **Universal Credit Housing Support removed for young people**

Reform to housing and housing support proposed- including removing the entitlement to housing support in Universal Credit for those aged 21 or under from April 2017. [See Summer Budget 2015 page](#)

### **Higher Income Social Tenants to Pay Higher Rents**

The Summer Budget 2015 put forward plans to require social tenants on higher incomes (over £40,000 in London and over £30,000 outside London) to pay higher (market rate or near market rate) rents. The government will consult and set out the detail of this reform in due course. [See Summer Budget 2015 page](#)

April 2018

### **Support for Mortgage Interest (SMI) payments**

The government announced in the summer budget 2015 that from April 2018, new SMI payments will be paid as a loan. Loans will be repaid upon sale of a claimant's house, or when claimants return to work.

2021

The Government has recently indicated that Universal Credit will be fully in place by 2021 with all claimants receiving the legacy benefits fully transferred on to Universal Credit.