

Welfare Reform update

Some key changes during 2016¹

Freeze on Working-age benefits

From April 2016, a four-year freeze to working age benefits was introduced. Pensioners were protected along with disability benefits.

New National Living Wage

From April 2016, National Living Wage was introduced, starting at £7.20 an hour for workers aged 25 and above. Rising to £9.00 an hour by 2020.

Limiting backdating in Housing Benefit

From April 2016, Housing Benefit claims can only be backdated for a maximum of one month (period was previously six months).

Reduction in Social Sector Rents

The government reduced social sector rents in England by 1% a year for 4 years from 2016.

Freeze to Local Housing Allowance

Four-year freeze to Local Housing Allowance rates from 2016-17 to 2019-20.

Removing Housing Benefit Family Premium

Housing Benefit family premium was withdrawn for new claims in England, Scotland and Wales from 1 May 2016.

Benefit Cap

The Benefit Cap for families was reduced to £23,000 in London (£15,410 single claimants) and £20,000 elsewhere (£13,400 single claimants) from 7 November 2016. (For people not affected by the existing cap, the new cap will be applied from January 2017.)

Additional exemptions were introduced for people getting Guardians Allowance, Carer's Allowance and the carers element of Universal Credit. Exemptions already exist where someone in a household gets any of the following:²

- armed forces compensation scheme guaranteed income payment
- armed forces independence payment
- attendance allowance
- disability living allowance
- housing benefit - if you are living in supported accommodation (referred to as '*specified*' accommodation in current housing benefit legislation)

¹ Adapted from Turn2Us website, last updated November 2016, at <https://www.turn2us.org.uk/Benefit-guides/Benefit-Changes/Benefit-Changes-Timetable-2016>

² From Disability Rights UK website, last updated 7 November 2016, at <https://www.disabilityrightsuk.org/benefits-cap>

- industrial injuries benefits
- personal independence payment
- war disablement pension; *or*
- war widow's, widower's or surviving civil partner's pension.
- the ESA support component; *or*
- working tax credit (this will still apply if you work enough hours to qualify for working tax credit but are not paid it because your income is too high).

Benefit Changes Timetable 2017 - 2018³

Please note that information about some of these changes may be limited at present and are subject to further change. Although some will happen quickly, others may be introduced gradually over several years.

Tax Free Childcare

Tax Free Childcare is to be introduced as a replacement for employer supported childcare at some point in 2017. 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.

Bereavement Support Payment

The current bereavement benefit system will be replaced with a single system of Bereavement Support Payments (BSP). This will be introduced for new claims from April 2017.

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.

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.

Universal Credit Youth Obligation

³ Adapted from Turn2us website, last updated November 2016, at <https://www.turn2us.org.uk/Benefit-guides/Benefit-Changes/Benefit-Changes-Timetable-2017-2018#guide-content>

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.

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.

Change in Hardship Payments for mentally ill and homeless

Hardship Payment proposed change: Hardship payments (of 40% of the benefit amount) to be automatically payable to jobseekers who are mentally ill and homeless when they are sanctioned. These claimants currently must apply for hardship payments when they've been sanctioned and may be refused. The proposal means to add them to the group of vulnerable people who can receive hardship payments whilst under sanction without applying for them first (such as claimants with children or long-term health problems).

Universal Credit taper to be reduced from 65 per cent to 63 per cent

From April 2017, the taper rate that applies in Universal Credit will be reduced from 65 per cent to 63 per cent. This means that claimants will be able to keep 37p for every £1 earned in work above work allowances rather than 35p for every £1 earned.

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 Roll out

The Government expected that the roll out of Universal Credit would be complete by the end of 2017 but at least 700,000 claimants will not be on UC at that point. It has been announced that it is planned for Coventry to have Universal Credit 'full service' in April 2018.

Support for Mortgage Interest (SMI) payments

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

Alan Markey

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