

# Benefit bulletin: Big benefit changes and news

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Produced by the Active Inclusion Service, Newcastle City Council

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*This is an updated version to include new guidance and later revisions as at end of May 2017.*

## Major benefit changes in and around April 2017

April sees a number of benefit changes that will have a significant impact on people. This benefit bulletin aims to explain these changes briefly and simply, with links to further details.

The legislation for some changes has only been produced very recently with further guidance promised by the government. It may, therefore, be necessary to update this bulletin. If so we will note it has been 'updated'. You may wish to return to this bulletin to check, or visit our web page [Changes to the benefits system](#) which includes a [timeline of the main benefit changes](#).

How 9 typical families will be affected by the April 17 changes by the [Resolution Foundation](#)

### Family amount removed

In Child Tax Credit you get an extra amount of £545 per year called the 'family element' for having children. This will **not** be available for those starting a family from 6 April 2017. The equivalent in Universal Credit, called the 'first child element', will also not be available where the first child is born on or after 6 April 2017. In Housing Benefit, the family premium was withdrawn for new claims in May 2016.

### Two child limit

In Child Tax Credit, Housing Benefit and Universal Credit you get an amount (called an 'element') for each child worth about £53 per week. From 6 April 2017, the government are introducing a two-child limit. There are exceptions and some existing claimants are protected. The following explains this complex area:

#### For Child Tax Credit

The child element will no longer be awarded for third and subsequent children who are born on or after 6 April 2017. Exceptions apply – see below.

#### For Universal Credit

The rule is more complicated and exceptions apply – see below.

**People who claim Universal Credit on or after 6 April 2017 and have three or more children** will be told they cannot claim Universal Credit - *unless* they have been on Universal Credit in the last six months or claim as a single person after splitting up less than a month ago. Instead, they will be directed to claim the benefits that Universal Credit is replacing, such as Tax Credits, Housing Benefit and Jobseeker's Allowance (called 'legacy benefits'). In which case, the above rule for Child Tax Credit will apply.

**Then from 1 November 2018** (unless this date is extended), Universal Credit claims will be taken from people with three or more children and child elements for them will be included if they were born before 6 April 2017 and

- they were already getting UC for those children on 31 October 2017, or
- they have getting UC or CTC for those children in the past 6 months, and
- There are at least two other children born before 6 April 2017 where the above applies where the claimant or partner was already responsible for them.

### **Those already on Universal Credit at 6 April 2017:**

- who already have three or more children are not affected unless they have a six month break in claim.
- who have a third or subsequent child on or after 6 April 2017 will only receive Universal Credit for the first two children unless an exception applies – as described below.

### **Six months' transitional protection**

There are 'transitional arrangements' to protect households who have been in receipt of support for children in the last six months when they claim Universal Credit, so that their existing level of entitlement is maintained, for as long as they remain entitled to the Universal Credit (disregarding breaks of up to six months in entitlement) and responsible for the same children.

### **Put another way, there are three things that could happen from 6 April 2017:**

- Those with **one or two children** *can claim Universal Credit*.
  - If they become responsible for another child, they cannot get an element for that child unless an exception applies.
- Those with **three or more children** – and receiving Universal Credit in the last six months *can claim Universal Credit*.
  - If they become responsible for a third or subsequent child on or after 6 April 2017, they cannot get an element for that child unless an exception applies.
- Those with **three or more children** – and **not** been receiving Universal Credit in the last six months *cannot claim Universal Credit*.
  - Instead, they will have to claim 'legacy benefits'. If they become responsible for another child on or after 6 April 2017, they cannot get an element for that child unless an exception applies.

**Then from 1 November 2018** (unless this date is extended) Universal Credit claims for people with three or more children will be allowed, but elements for three or more children will **not** be included *whatever their date of birth* – except in these situations:

- An exception applies
- A transitional arrangements applies where for example, an element will be allowed for any third or subsequent child if they were born before 6 April 2017 and if they were receiving Universal Credit, Child Tax Credit within six months when they claimed or already getting UC for that child on 31 October 2017. This continues so long as they don't have a break from Universal Credit of more than six months.

### **Exceptions to the two-child limit for Universal Credit, Child Tax Credit and all the benefits concerned**

Exceptions to the general rule restricting the child element for a third or subsequent child include when the child is:

- Born in a multiple birth, e.g. twins (the first born will not be paid for if the claimant already has two or more children but all others in the multiple birth will be);
- Adopted – in some cases;
- Living with family or friends as their carers, such as 'kinship care'; or

- Likely to have been conceived as a result of non-consensual sex, or at a time when the claimant was subject to ongoing control or coercion by the other parent of the child.

#### **Some extra notes that may be helpful:**

- Even if an element is not payable for a third or subsequent child, it is important that claimants report all births because, for example, those children could still attract the disabled child and childcare elements.
- There are complex rules about who is a first, second, third or subsequent child and who the element is paid for and in which order. For example, where a first child leaves the family unit, the child element can be passed onto the third child, i.e. elements for two children is retained.
- There are also complex rules about how changes in family arrangements may or may not affect these rules, such as with children of step-parents.
- The two-child limit does not apply to Child Benefit.
- The two child limit does not apply to [Council Tax reduction scheme](#).

Equivalent restrictions have been introduced in Income Support, Jobseeker's Allowance and Housing Benefit as well as in Universal Credit and Child Tax Credit.

This is a link to the [Ministerial statement](#) and the [rules](#) about the redirecting of Universal Credit claims to 'legacy benefits' until 1 November 2018 – called an interim period', although the rules allow this to be extended. This is a link to the new legislation for [Child Tax Credits](#) and for [Universal Credit](#). Also see the government's response to the SSAC's concerns including communications, third party professionals, and exceptions.

#### **Government guidance on the UC change:**

- Detailed guidance for '[stakeholders](#)' and
- Less detailed guidance for [the public](#) which includes the form to complete to prove rape.
- Form to claim exemption for "[...a child conceived without your consent](#)."
- [Support for a child who is informally living with you](#)
- [Guidance to Housing Benefit staff](#)
- The government say additional information will be provided about the rules at the end of the November 2018 nearer the time
- [DWP slides](#)
- For much more technical detail on these exceptions, please see the government's 'explanatory memorandum' to the new rules for [Child Tax Credits](#) and the similar, but differently worded, exceptions for [Universal Credit](#).

#### **Other guidance and commentary**

- [Revenuebenefits](#) blog and the changes in their [Child Tax Credit](#) and [Universal Credit](#) sections.
- These two reforms are targeted at families with children and make savings (benefit reductions) of £2,040m in Britain, which extrapolates to £9.13m in Newcastle
- Impact from [Parliamentary briefing](#) pages 33-34
- According to the [Institute for Fiscal Studies](#) with such changes, the government will reach its target of [£12 billion cuts to welfare by 2020](#)

## £29 per week removed from those on the sick

From 3 April 2017, for new claims for Employment and Support Allowance (ESA), the £29 per week 'work-related activity component' and its equivalent in Universal Credit is not available. Details are explained in [HB guidance](#) and the [regulation](#) bringing in the rule.

Existing claimants receiving the component can continue to receive it. But if they are reassessed and their ESA stops as a result and they end up making a new claim they would not get the component. So it would be better to challenge the decision stopping their ESA. This would involve a 'mandatory reconsideration' request followed by an appeal if necessary.

In November 2016 a [House of Commons debate](#) unanimously agreed that this change should be delayed and a report from the [Parliamentary Work and Pensions Committee](#) asked the government to respond to its report before the cuts are introduced, but the government continued with the measure.

The 'support component' and equivalent in Universal Credit will continue for those who are 'more disabled'. [Recent statistics](#) show that 35% of ESA claimants were placed in the 'support group' after initial assessment. See our [factsheets on the capability for work assessment criteria for ESA, Universal Credit and the support group](#).

### More detail

- DWP guidance [ADM Memo 7/17](#), [ADM Memo 8/17](#) and [DMG Memo 6/17](#) on the general changes, rules relating to responsible carers of children, exempt work and hardship amounts
- [Parliamentary report](#) March 2017

### Additional related (hidden) cut to under 25 year olds – this was removed

Normally single under 25 year olds get a lower personal amount of £57.90 a week in ESA or UC. Before 3 April, if they went into the work related activity (WRA) group **that went up to the 25 year old's amount of £73.10**, in addition to the WRA component. The regulations that removed the £29 a week WRA component have also removed access to this higher 25 year old rate. A total loss of £44.20 a week.

However, the government brought in further regulations to amend the above WRA cut regulation ([SI.No.2017/204](#)) to remove this hidden change.

This new regulation [SI.No.2017/581](#) ensures that **ESA claimants, including those that also claim housing benefit, under the age of 25 receive the higher over-25 rate of benefit, once they have undergone a work capability assessment and entered main phase ESA**

[Disability Rights UK reversal explanation](#)

### Permitted work 52-week limit removed

Permitted work replaced 'therapeutic work' many years ago. It allows you to do some work whilst on sickness benefits like ESA. In some cases there is a 52-week limit on doing permitted work, but this limit is removed from 3 April 2017. See [DWP guidance](#) on this change and [more details about permitted work](#).

Note, there is no permitted work rule in Universal Credit, which does not have an hours of work limit.

## Earners allowed to keep more Universal Credit

From 10 April 2017, a claimant will lose 63 pence instead of 65 pence of Universal Credit for every pound he or she earns. See [Department for Work and Pensions \(DWP\) guidance](#).

## Universal Credit housing costs help removed for some 18 to 21 year olds

From 1 April 2017, the help with housing costs in 'full service' Universal Credit is removed for out of work 18 to 21 year olds who are single and fully available for work – unless they are exempt.

Exemptions relate to being 'vulnerable', unable to live with parents, disabled, having children, earning enough or having worked in the last six months up to a certain level (in which case a limited six months exemption applies), in certain temporary homelessness accommodation or in [supported accommodation](#) (for which Housing Benefit is still payable). The full list of exemptions are in the 'explanatory memorandum' to the [regulation](#) and [DWP guidance](#).

It **applies to new claimants** and not, for example, those already in receipt of Housing Benefit or Universal Credit housing costs on 31 March 2017. But, if there is a break in their help with housing costs, this saving provision is removed and they will stop getting help with housing costs, unless exempt. The 'explanatory memorandum' says that in such cases, the claimant should be able to get work – with support from the 'youth obligation' – or return home.

The '**youth obligation**' for under 21 year olds with stronger 'day one' work requirements and an increase in apprenticeships will be introduced in '[full service Universal Credit areas, according to Homeless Link](#)'. Further details of the 'youth obligation' by Minister of State for the DWP, Damian Hinds MP, [in a letter to the Work and Pensions Committee](#). And [recommendations from a Parliamentary committee](#).

### Further information:

On 16 March 2017 a Parliamentary scrutiny committee [referred the regulations for the special attention of the House of Commons](#) following a submission from "Shelter raising some concerns about how the policy will operate in practice, particularly the "Catch 22" situation of those who cannot receive benefit until they have housing and cannot be housed until they have benefit". See also a recent [Parliamentary briefing](#).

See our [benefit timeline on the benefit changes page](#) for more information on this measure.

## Increased conditionality extended to those with younger children

From 1 April 2017, parents, including lone parents, claiming Universal Credit whose youngest child turns three years old must be fully available for work and work activity. Those whose youngest child turns two years old should take part in work preparation, as well as work focused interviews.

To understand work-related requirements and avoid sanctions, see our [sanctions leaflet](#) and [training](#).

## New Bereavement Support Payment

To replace the existing Bereavement Benefits for those bereaved from 6 April 2017 with the following two rates:

- A standard rate for those who do not qualify for the higher rate – with monthly payments of £100 for a period of 18 months following the date of death, plus an extra payment of £2,500 for the first month, and
- A higher rate for pregnant women or those entitled to Child Benefit – with monthly payments of £350 for a period of 18 months following the date of death, plus an extra payment of £3,500 for the first month.

The new Bereavement Support Payment will not be taxed, and will be disregarded by means-tested benefits and the benefit cap. Further details from a [Parliamentary research briefing](#), the [Work and Pensions Committee](#) and a [government press release](#).

[Guidance on Gov.uk](#) and regulations [SI.No.297/2017](#) and [SR.No.44/2017](#) bring into force [section 30 of the Pensions Act 2014](#).

## “Bedroom tax” change

The Removal of the Spare Room Subsidy’ for social housing, commonly referred to as the “bedroom tax”, reduces the amount of Housing Benefit or Universal Credit housing element by 14% if you are deemed to have one spare bedroom and by 25% for two or more spare bedrooms. There are various rules about how bedrooms are counted.

From 1 April 2017, [new rules](#) allow for:

- An extra bedroom for a disabled child or non-dependant needing overnight care by a non-resident person or persons
- An extra bedroom for a severely disabled couple who can’t share a bedroom

This was brought in due to a [Supreme Court](#) decision which found that not to allow such people a bedroom was unjustified discrimination.

Clarification of how this is applied is in the DWP guidance [HB Circular A3/2017](#) and [ADM Memo 5/17](#). For example, the kinds of disability benefits required and how to consider whether a couple might need a spare bedroom.

More details from [Carers UK](#).

## Carer’s Allowance earnings rule increase. And benefit uprating

One rule for Carer’s Allowance is that you are not earning too much. From 10 April 2017, this amount is increased from £110 to £116 per week. For example, if you work 16 hours a week at the national minimum wage (see below) it takes you above the £116.

See this guidance from Low Incomes Tax Reform Group on [what does and does not count as earnings](#).

See the other uprating to [Tax Credits](#) and [benefits](#). Also in [guidance](#) to Housing Benefit sections. The [Joseph Rowntree Foundation report](#) that the freeze of Tax Credits and working age benefit rates has contributed towards an increase in numbers living below the Minimum Income Standard.

## National living and minimum wages aligned from April 2017

The government will align the National Minimum Wage and National Living Wage cycles so that both rates are amended in April each year from April 2017, rather than in October and April. [The new rates from April 2017 from GOV.UK.](#)

For example its £7.50 an hour for those aged 25 plus

## TOP TIP

### Stay on legacy benefit or claim Universal Credit?

Universal Credit has been introduced to all Newcastle jobcentres for new claims. As described in our [more detailed Universal Credit web page](#), there are many people who remain on the benefits that Universal Credit is replacing until they have a change in circumstances that lead them to make a claim for Universal Credit. If they do claim Universal Credit, they may be better off or worse off.

Some changes in circumstances may be unavoidable, but if there is a choice it is advisable to do a 'better off calculation' comparing present legacy benefits with Universal Credit.

And, it may also be possible for people on legacy benefits to claim Universal Credit without a change in circumstances. Again, a 'better off calculation' is sensible first.

Find various benefit calculators on our website which allow you to [check your benefit online](#).

### Who is financially better or worse off under Universal Credit?

There are many examples of those who are better off and those who are worse off under Universal Credit. Largely it depends on the individual's circumstances.

Following on from above, here is one example of a disabled child to illustrate the need for a 'better off calculation'.

In Child Tax Credits and in Universal Credit, there are two extra amounts depending on what level of disability benefit they receive. The total amount of benefits depends upon many other circumstances, but this shows a big difference between the rates in these two benefits.

	Child disability element (weekly)	
	Child Tax Credit	Universal Credit
Lower	£61	£29
Higher	£86	£86

## Support for Newcastle residents claiming Universal Credit

Just a reminder that information about the support available for claiming Universal Credit can be found on our [Universal Credit web page](#), such as in the document [Universal Credit - information on support arrangements in Newcastle](#).

## Other benefit news and information

### Personal Independence Payment assessment change

The government have changed the criteria for the Personal Independence Payment (PIP) activities: 'Managing therapy or monitoring a health condition' and 'Planning and following a journey' to reverse the effect of two court decisions in order to return the rules to their original intention. See the [DWP press release](#) and the [legislation](#) which brought in these changes from 16 March 2017. [See the PIP factsheet from Disability Rights UK which also describes these changes.](#)

See also a report for the debate in parliament on these [Changes to Personal Independence Payment regulations](#)

## Streamlining Jobcentre Plus offices and support for jobseekers

The government have published [plans to streamline Jobcentre Plus offices](#) which include the closure of East and West Jobcentres in Newcastle. In a [debate in Parliament](#) about Jobcentre Plus office closures and changes, the Minister for Welfare Delivery, Caroline Nokes MP, said that the DWP will look to reimburse costs where claimants are required to sign on more frequently than fortnightly and in relation to the extra cost of having to travel to a more distant Jobcentre to sign on she said "Where claimants are required to sign on more frequently than fortnightly we will look to reimburse costs". And "Of course, many disabled claimants access our services very successfully online, but, as I have said, the DWP has a home visiting service which we can extend to all disabled claimants who ask for it when their circumstances make it difficult for them to go to a jobcentre".

## News from the Department for Work and Pensions

Sign up for the [DWP's Touchbase](#) – news for advisers and intermediaries including:

- Employment support
- New [online Money Manager tool](#) for Universal Credit claimants
- Round up news from across government about skills, pensions, work support and support for people claiming benefits

## Further information and training

For more information on benefit changes, see our web page [Changes to the benefits system](#) which includes a [timeline of the main benefit changes](#).

More details about benefits can be found on [our welfare rights and money advice web pages](#), including the benefits mentioned above, benefit self-help factsheets and 'Where to get advice in Newcastle'.

This benefit bulletin was written in **April 2017 including some updates by May 2017** by the Active Inclusion Service, Newcastle City Council. It is provided bi-monthly and at times of important benefit changes and news. It is as accurate as possible at the time of writing. The bulletin is part of the Active Inclusion Newcastle support to professionals, which includes '**Introduction to benefits' training**. You may also be interested in the **Debt Bulletin** which is produced quarterly. [For more details, see our web page for professionals and volunteers.](#)

We also produce a weekly **Active Inclusion Newcastle e-bulletin** which provides a brief update on financial inclusion and homelessness prevention issues. If you want to receive this, or for more details, email [activeinclusion@newcastle.gov.uk](mailto:activeinclusion@newcastle.gov.uk)