Benefits Newsletter November 2016 Part 2
Autumn Statement Special

1. Universal Credit

The Chancellor announced that the Universal Credit taper will be reduced from 65% to 63% from April 2017. This means that if a claimant has net earnings which are above their work allowance threshold they will lose 63p in every £1 they earn above the threshold instead of 65p in every £1; so they will be able to keep 37p in every £1. The Government estimates that three million households will benefit from this change, but it will only benefit those claimants who are working:

- *'a single parent with one child and not receiving support with their housing costs earning £15,000 a year will benefit by £170 a year*
- *a couple with two children receiving support with their housing costs, where one parent earns £30,000 a year, will benefit by £425 a year*
- *a disabled person receiving support with their housing costs and earning £12,000 a year will benefit by £180 a year'*

The increase in the National Living Wage to £7.50 per hour and the increase in the Tax Allowance to £11,500 a year will mean that UC amounts will still decrease for most working claimants, but the higher earnings will leave them better off. For example

Peter aged 35 is working part-time 16 hours a week earning £115.20 a week gross and paying rent of £60 a week on his one bedroom flat. His UC is currently

Personal Allowance	£317.82
+ Housing Costs	£260
Max UC	£577.82

His earnings are £499.20 with no work allowance.
65% of his earning are £324.48.

His UC is £253.34 (£577.82 - £324.38)
His total income will be £752.54

From April his earnings will increase to £7.50 per hour which will be £120 a week or £520 per month. His maximum UC will still be £577.82 as it is frozen until 2020; 63% of his earnings will be £327.60 leaving him with UC of £250.22. His total income will be £770.22. A £17.86 per month increase.

There were hopes that the Chancellor would consider reversing the cuts to Universal Credit work allowances that were applied in April 2016, however these changes still apply. The Resolution Foundation has published a report which looks into the impact of these cuts and when analysing the impact of the cuts to the work allowances the RF states.

'A single parent could lose up to £2,840 a year by 2020 and couple parents up to £1,220 from this cut alone, but both would gain only £200 a year from the taper reduction if working full time at the NLW.'
http://www.resolutionfoundation.org/wp-content/uploads/2016/11/Bending-the-rules-AS.pdf

2. Local Housing Allowance Cap for Social Tenants

Delayed introduction

The Autumn Statement also confirmed an announcement by the Work and Pensions Secretary Damian Green that the introduction of the local housing allowance (LHA) cap for tenants living in general needs social housing has been deferred until 2019/2020,

'I am able to announce today, a simplification and alignment of the application of the Local Housing Allowance policy for general needs accommodation, in light of the changes that have been made to supported housing. We propose to bring in the policy for general needs accommodation in the Social Rented Sector in 2019, instead of 2018 as previously announced, to align with the changes to supported housing.

For Housing Benefit it will apply, as announced at Autumn Statement 2015, to tenants who have signed new or re-let tenancies from 1 April 2016 and their social sector rent is higher than the Local Housing Allowance rate. Those on Housing Benefit who took their tenancy before April 2016 will not be affected.'

However, in relation to universal credit claimants, the LHA cap will apply irrespective of when their tenancy commenced -

'For Universal Credit, to ensure simplicity and a streamlined process, Local Housing Allowance rates will apply to all new and existing tenants, again only where their social rent is higher than the relevant Local Housing Allowance rate.'

There will be limited transitional protection for claimants moving between housing benefit and universal credit who suffer a loss in entitlement -

'People moved by the Department from Housing Benefit to Universal Credit after April 2019 whose overall benefit entitlement is lower will be protected, in cash terms, under transitional protection arrangements. On reaching state pension age Universal Credit claimants flowing back on to Housing Benefit with tenancies signed before April 2016 will also be protected.' Damian Green's written statement

LHA Cap and the Support Accommodation Sector

The DWP and Department for Communities and Local Government have launched a consultation on how the supported accommodation sector should be funded from April 2019.

The Government is proposing to continue to pay the core rent and service charges through Housing Benefit or Universal Credit which will be subjected to the LHA Cap and to devolve an amount of funding to local authorities to provide 'top up funding' to local supported housing providers. Consultation on funding reform for supported accommodation sector

The government has also published a Supported Accommodation review, which examines the estimated scale, scope and cost of the sector.

The deadline for responding to the consultation is 13 February 2017.

3. Other welfare changes confirmed by the Autumn Statement :

Pay to Stay

The DCLG announced on 21 November 2016, that the government has decided not to implement the mandatory 'Pay to Stay' policy, under which local authority tenants with taxable incomes over £31,000 (or £40,000 in London) would have been required to pay a market, or near market, rent; Social Landlords will still have the local discretion to increase rents. Alternatively the DCLG will require local authorities to have mandatory fixed-term tenancies for new tenants which will be reviewed at end of each fixed term *'to ensure the tenants still needs socially-rented home'.*

Support for refugees
Refugees and their family members will be exempted from the Past Presence Test, meaning that they will no longer have to be resident in the UK for 2 years before they can receive disability benefits.

Tax Credits
- HMRC will allow new Tax Credit claims to be made using digital devices from April 2017.
- HMRC will make in-year award adjustments so the disability elements of Child Tax Credit will be paid to recipients who are eligible, but not currently receiving this entitlement.

PIP Descriptors changes not to go ahead
He confirmed that the cuts to PIP announced in the Budget 2016 will not go ahead. These were the proposed changes to the points awarded to someone who needs use aids or appliances to carry out an activity.

Class 2 NICs abolished from April 2018,
This will simplify National Insurance for the self-employed. The Autumn Statement confirms that, following the abolition of Class 2 NICs, self-employed contributory benefit entitlement will be accessed through Class 3 and Class 4 NICs.

4. Welfare Changes not included in the Autumn Statement

A delay in the cut to the Work-Related Activity Component/Limited Capability for Work Element
On 17th November a Backbench motion was passed to ask the Government to delay the introduction of this cut until *'appropriate alternative measures to progress the commitment to halve the disability employment gap have been considered'*. The Chancellor Phil Hammond did not include this as part of the Autumn Statement which will mean the £29.05 per week paid to ESA/Universal Credit claimants who are in the Work-Related Activity Group (WRAG) will be cut for all new claimants from April 2017.

Reversal of cuts to Universal Credit Work Allowances
The Centre for Social Justice chaired by the former Secretary of State for Works and Pensions Iain Duncan Smith had called for a reversal of the cuts to work allowances introduced in April 2016. There was no mention of this in the Autumn Statement.
http://www.centreforsocialjustice.org.uk/library/case-strengthening-universal-credit-work-allowances

To read the full statement see:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/571559/autumn_statement_2016_web.pdf

Cooperative Working
Helping you to live well

Funded by the Wider Welfare Reform Group Part of Stoke-on-Trent City Council