

Factsheet B2: Main Benefit Changes announced from 2016

Benefits freeze

From April 2016 working age benefit rates will be frozen for 4 years, although the following benefits are not affected:

- the support group component for ESA (Employment & Support Allowance)
- disability benefits (Disability Living Allowance, Attendance Allowance, or Personal Independence Payment)
- maternity or paternity payments
- statutory sick pay or
- tax credits disability elements.

Disability benefits and hospital stays

The law changed from 29th June 2016 in relation to under-18's in hospital. The old rules said that when you go into hospital they suspend payments of Child DLA care component after 12 weeks and PIP daily living component after 28 days. *The new rules say that all under 18's should keep all of their Child DLA or PIP.*

The even better news is that this applies to anyone from 8th July 2015, so people should make sure they ask DWP to pay the money back if it has been suspended.



If someone is not already on these benefits, they can claim and be paid while they are in hospital. No-one should have a renewal or review while they are in hospital – existing payments should continue until they are discharged (although 16 year-olds may receive letters about claiming PIP). You just need to contact the DWP as soon as you are discharged.

This has an impact on Carer's Allowance (which is also suspended if DLA or PIP has been suspended). As long as someone can evidence that they are still providing 35+ hours per week of care even while the person they care for is in hospital, they can continue to receive Carer's Allowance. Obviously this only applies for those who care for under-18s.

National living wage

From April 2016 the living wage will be £7.20 an hour for over 25s.

ESA (Employment & Support Allowance)

From April 2017 ESA claimants receiving the WRAG (Work Related Activity Group) component will only receive the basic allowance for ESA; they will not get any additional money for being in the WRAG. This will only affect new claimants. They will receive 'additional support to help them take steps back to work'.

Universal Credit

Universal Credit work allowances are reduced to £4,764 for anyone without housing costs, £2,304 for those with housing costs, and will be removed altogether for non-disabled claimants without children. This is known as the earnings disregard, and is similar in principle to the tax-free personal



allowance you get with income tax. If you earn anything above that amount, your additional money is taken into account, and the money you receive is reduced at 65% for every extra pound you earn.

Support from Universal Credit will be limited to two children only. Households with two or more children will not get any further support for subsequent children born after April 2017.

The first child premium of Universal Credit will also not be paid for any new claims from April 2017.

The first digital claims for Universal Credit in Norfolk will start from 1st May 2016 in Waveney District Council area – Lowestoft JCP. This means that all working age claimants will be able to claim Universal Credit in that area, including disabled claimants.

Income Tax

The tax-free personal allowance changes to £11,000 in April 2016.

Benefit Cap

From April 2017 the household benefit cap (the most money you are allowed to have per household from all benefits) is reduced to £20,000 outside London (£15,410 single rate).

Housing

From April 2017, housing support will not automatically be available to anyone 18-21 years old claiming Universal Credit because they are out of work. The only exemptions will be for people who are seen as vulnerable, or can't return



home to live with their parents, or who have been working for the previous 6 months (they can receive support for 6 months).

Housing Benefit Changes

From April 2016, Housing Benefit can only be backdated for a maximum of 4 weeks.

Support will be limited to two children only. Households with two or more children will not get any further support for subsequent children born after April 2017.

The family premium will be withdrawn for any new claims of Housing Benefit after April 2016.

Social Housing

Social housing rents are to be reduced by 1% a year for 4 years; tenants on higher incomes (over £300k outside London) will have to pay market rate (or near market rate) rents. There will be a review of lifetime tenancies.

Support for mortgage interest

From July 2015 the interest rate will be 3.12% (down from 3.63%), regardless of actual interest that claimants have to pay to their mortgage provider. From April 2016, the waiting period to receive this help is increased to 39 weeks. From April 2018, mortgage support will only be paid as a loan. The loans have to be repaid either on the sale of a house, or when a claimant returns to work.



Tax Credits and support for children

If you have an overpayment of either Child Tax Credit or Working Tax Credit, HMRC will be able to recover their money from either source. Enforcement of debt recovery will be increased.

The amount you are allowed to earn before tax credits start to be withdrawn is reduced to £3,850 (from £6,420). This is known as the income threshold, and is similar in principle to the tax-free personal allowance you get with income tax. If you earn anything above that amount, your additional money is taken into account, and the money you receive is reduced at 48% for every extra pound you earn.

Support from Tax Credits will be limited to two children only. Households with two or more children will not get any further support for subsequent children born after April 2017.

The family premium will be withdrawn for any new claims of Housing Benefit after April 2016. Anyone starting a family after April 2017 will not receive a family element added to their tax credits. The first child premium of Universal Credit will also not be paid for any new claims from April 2017.

Help for Parents of young children

From April 2017 parents will be expected to prepare for work once their youngest child turns 2, and to look for work once their youngest child turns 3. There will be free child care for up to 30 hours a week from Sept 2017 for working families with 3 and 4 year olds (increased from 15 hours).



Youth Obligation

From April 2017 young people will have targeted intensive support from the first day of a benefit claim. They will be expected to apply for an apprenticeship, traineeship or mandatory work placement, or show how they are gaining work-based skills if they still have not found work after 6 months.

Students

From early 2017, new maintenance loans will replace student grants. Cash support for new students increases to £8,200 per year. Loans are to be paid back when graduates earn more than £21,000 per year.

From 2016-17 the government plans to introduce income-contingent loans of up to £10,000 for under-30s so that they can undertake postgraduate taught masters courses.

From September 2016, the support available through the Disabled Students Allowance will be reduced.

Independent Living Fund

This has now finally closed (it closed to new applicants in 2010). Funding will be incorporated into social care arranged through local authorities. People who already have ILF care packages will have to transfer to the new local provision.

Winter Fuel Payments

From winter 2015 these payments will not be available to people living in an EEA country with an average winter temperature higher than that in the warmest region of the UK.



See our factsheets on individual benefits for more information.

If you require further information or would like this factsheet in an alternative format you can contact us by calling: 01508 491210, by emailing: info@equallives.org.uk, or by writing to: Equal Lives, 15 Manor Farm Barns, Fox Road, Framingham Pigot, Norfolk, NR14 7PZ.

