

**Welfare Delivery from April 2017**

The recent Spring Budget signalled the start of Welfare Reform delivery rather than policy change, and coincides with Caroline Nokes MP’s new UK Government role as Parliamentary Under Secretary of State for Welfare Delivery. The average annual loss due to welfare reform for each tenant living in the social rented sector in Wales will reach £1,840 by 2020/21.[[1]](#footnote-1) The Welfare Reform and Work Act 2016[[2]](#endnote-1) has brought a number of changes that will take effect from April 2017 and this briefing highlights a number of those changes.

**From April 2017**

**Employment and Support Allowance (ESA) Work-Related Activity Component (WRAC) abolished**

From 3 April 2017, the ESA work related activity component (WRAC) will not be available to new ESA claims. Affected claimants found to have limited capability for work following the Work Capability Assessment will not receive an additional component. Therefore, the current payment of £102.15 will not be available and the lower payment of £73.10 will be made in line with Jobseeker’s Allowance. Where no WRAC is awarded in ESA, no equivalent component will be awarded in Housing Benefit (HB).

The DWP estimates that the policy will save £55m in 2017/18, rising to £640m by 2020/22. The number of member tenants claiming the ESA WRAC is increasing month on month at a rate of approximately 400 tenants per annum, resulting in a loss of over £600k per year for our communities.

**Removal of temporary accommodation management fee in Housing Benefit subsidy**

The removal of the temporary accommodation management fee is in line with the government announcement in the 2015 Spending Review and Autumn Statement that the subsidy for the temporary accommodation management fee, paid from the Department for Work and Pensions (DWP) to local authorities (LAs) on a per household basis, will end from 2017/18. The DWP states that ‘More than equivalent funding will be devolved’; however, as this is additional funding within a block grant Welsh Government has not allocated all the funds for this purpose. Further information can be obtained here: <http://bit.ly/2nd7kLv>

**Benefit Cap exemption for Universal Credit claimants**

From April 2017, the earnings threshold that applies to the Benefit Cap exemption for Universal Credit claimants will be changed from a fixed amount of £430 per month to the amount claimants would earn if they (or one of them, if a couple) was working 16 hours per week at national minimum wage (£7.50).

The change means that, for example, after April 2017 a working Universal Credit claimant aged over 25 in receipt of the Housing element (who is not otherwise exempt from the Benefit Cap) would have to earn £520 instead of £430 per month to be exempt from the cap.

We are expecting a low impact for members on this reform due to the very low number of families currently claiming Universal Credit. However, this will increase as the Full service begins.

**Tax Credit Family Element removed**

Currently, everyone who has responsibility for at least one child has the family element included in their award. From April 2017, the family element (set at £545) will only be included in awards where the person has responsibility for a child or young person born before 6 April 2017. The equivalent in Universal Credit, known as the First Child Element, will also not be available for new claims from April 2017.

**The roll-out schedule for the full (digital) Universal Credit service for April 2017-September 2018 has been published:** [**http://bit.ly/2mskjpP**](http://bit.ly/2mskjpP)

All Welsh job centres will be operating the full service by July 2018.

Roll-out schedule for Wales:

• April 2017: Flintshire

• July 2017: Torfaen

• October 2017: NPT and Wrexham

• November 2017: Newport

• December 2017: Swansea

• February 2018: Conwy, Denbighshire, Bridgend and Cardiff.

• March 2018: Carmarthenshire, Anglesey, Merthyr and Monmouthshire

• April 2018: Blaenau Gwent and Gwynedd

• May 2018: Caerphilly, Ceredigion and Pembrokeshire

• June 2018: Vale of Glamorgan and Powys

• July 2018: RCT

The migration of legacy claimants will begin in July 2019 and conclude around March 2022.

CHC will monitor the impact of Universal Credit, as highlighted in the ‘Universal Credit: A Tenant’s Perspective’[[3]](#endnote-2) research report, and will continue to develop the Trusted Partner Status and Landlord Portal with other stakeholders through the DWP Strategic Landlord working group.

**Tax Credits and Universal Credit two child limit**

In the Summer Budget 2015, the government proposed that support for children through Tax Credits and Universal Credit will be limited to two children from April 2017.

For Child Tax Credit (CTC), elements will not be included for a third (or more) child born on or after 6 April 2017 unless an exception applies. Elements will continue to be included for all children born before 6 April 2017.

For Universal Credit, elements will not be included for the third (or more) child who joins the family on or after 6 April 2017 unless an exception applies. Elements will continue to be included for all children who were part of the family before 6 April 2017.

The Children’s Society report that 640,000 families will lose support as a direct result of the proposed changes. In total, the loss of a child element plus the family element of CTC will mean that a family with three children will lose up to £3,325. A family with four children will lose up to £6,100.[[4]](#endnote-3)

Within the CHC consultation response[[5]](#endnote-4) to this policy, we highlighted that the Government should consider the additional burdens and expense a multiple birth can entail. Whilst a family may choose to have one additional child and bear the cost of that child, they do not generally choose to have a multiple birth. Government has therefore decided to expand this exception so that the child element is awarded for all third or subsequent children in a family born as part of a multiple birth, other than the first born.

**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. This increases the importance of Welsh Government’s pledge to offer free childcare in Wales and that they match the England-only policy which starts in September 2017. Within Wales, 6 local authorities have been chosen to work with the Welsh Government to pilot the new Childcare offer. Projects offering 30 hours of free early education and childcare per week to 3 and 4 year olds will be piloted from September 2017 in specified locations within Gwynedd, Anglesey, Flintshire, Swansea, Blaenau Gwent and Rhondda Cynon Taf.

**Universal Credit Youth Obligation**

From April 2017, 18-21 year olds who have been claiming Universal Credit for six months will have to either apply for training/apprenticeships or attend a work placement, unless they are exempt (considered to be vulnerable).

**Universal Credit Housing Costs Element removed for young people aged 18 to 21**

These regulations will only apply to new claims for the Full Universal Credit service and therefore will take effect at different times for different local authority areas. There is an extensive list of exemptions including:

* Those responsible for a child or a qualifying young person
* Was a care leaver before reaching the age of 18
* Receives the care component of disability living allowance at the middle or highest rate or the daily living component of personal independence payment
* Is subject to active multi-agency management (arrangements for managing risks posed by certain offenders)
* Is in temporary accommodation provided by a local authority pursuant to their homelessness duties
* Has been subject to, or threatened with, domestic violence by their partner, former partner, or a family member
* Where, due to caring responsibilities or physical or mental impairment, the number of hours the claimant is expected to work is less than 35 per week.
* Those on whom a work-search requirement cannot be imposed due to the range of time-limited circumstances such as: suffered a bereavement within the past 6 months, undertaking treatment for an addiction, or where they have provided medical evidence that they are currently unfit for work (for up to 14 days).
* Those claimants who are currently in work and have net earnings in an assessment period above monthly equivalent that a person would earn working sixteen hours per week at the National Minimum Wage for a person aged 18 to 20 years (that is, £89.60 per week from April 2017). If the claimant is under a contract of apprenticeship, the amount is set at the monthly equivalent of sixteen hours per week at the National Minimum Wage for apprentices (that is, £56 per week from April 2017).
* Those in receipt of Housing Benefit or those receiving Universal Credit in Live Service areas
* Those receiving help with housing costs (via Housing Benefit or the Universal Credit Live Service) immediately prior to a move to Full Service and effectively process their invitation to migrate within the 46-day window.

The regulations are available here: <http://bit.ly/2nrPqTo>

CHC continues to work with Welsh Government to examine the issues presented by the changes to benefit entitlement for under-35s. A working group is examining the impact through a data collection process, possible development opportunities under the Innovative Housing Programme, and options for shared housing influenced by tenants.

**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.

**ESA permitted work limit removed**

From 3 April 2017, ESA claimants who undertake permitted work and earn between £20 and £115.20 per week will no longer have to give up their work or stop claiming ESA after 52 weeks.

**ESA sanctions reduced**

From 3 April 2017, ESA claimants who are sanctioned will continue to receive 80% of their payments instead of the current 60%. This change does not apply to ESA claimants who continue to receive the work-related activity component after 3 April 2017;they will remain subject to the 60% rate.

**Bereavement Support Payment**

The current bereavement benefits will be replaced with the new Bereavement Support Payment (BSP). This will be introduced for new claims from April 2017.

**Autumn /End of 2017**

**Change in Hardship Payments for mentally ill and homeless**

The government proposed that hardship payments (of 60% of the benefit amount) be automatically payable to jobseekers who are mentally ill or homeless when they are sanctioned. These claimants currently have to wait two weeks before they can 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 apply for hardship payments immediately (such as claimants with children or long-term health problems). The date of this change is yet to be announced.

CHC will be starting a series of podcasts in April 2017 looking at the Local Housing Allowance cap, the impact on supported housing and under 35s (and the specific impacts for 18-21 year olds) and a guide to Universal Credit, to name a few! Keep a look out for those next month.

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#aprilcuts

1. <http://www4.shu.ac.uk/research/cresr/ourexpertise/the-uneven-impact-of-welfare-reform> [↑](#footnote-ref-1)
2. <http://services.parliament.uk/bills/2015-16/welfarereformandwork.html> [↑](#endnote-ref-1)
3. <http://chcymru.org.uk/en/view-news/tenants-given-a-platform-to-voice-their-opinions-on-the-impact-of-universal> [↑](#endnote-ref-2)
4. <http://www.childrenssociety.org.uk/sites/default/files/The%20Childrens%20Society%203rd%20Reading%20Briefing%20-%20Two%20Child%20Limit.pdf> [↑](#endnote-ref-3)
5. <http://chcymru.org.uk/uploads/events_attachments/2_Child_Limitation_Response_final.pdf> [↑](#endnote-ref-4)