



Potteries Gold



Benefits Newsletter November 2015 (Part 2) Autumn Statement Special

Although the Government announced they would not be going ahead with the planned cuts to the Tax Credit thresholds and taper, advisers need to be aware that other changes announced in the Summer Budget and are contained within the Welfare Reform and Work Bill are still going ahead and there are some new cuts which were announced in the Autumn Statement. For the full statement see https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/479749/52229_Blue_Book_PU1865_Web_Accessible.pdf

1. Tax Credits

a) **Thresholds and Taper** George Osborne announced in the Autumn Statement that they would no longer be making cuts to the thresholds for Working Tax Credit and Child Tax Credit and the taper used will remain at 41% instead of increasing to 48%.

This will mean if your income is above £6,420 a year (for CTC only £16,105 pa) your maximum tax credit entitlement will be reduced by 41p for every £1 your income is above the threshold.

b) **Cut to the income rise disregard from April 2016** The income rise disregard is to be reduced to £2,500 from April 2016. At present if claimants have an increase in income of less than £5,000 in a tax year, this increase is disregarded and will not lead to a Tax Credit overpayment. Decreasing this disregard to £2,500 will lead to decreases in entitlement and increasing numbers of overpayments of Tax Credits.

c) **Cut to Family Element from April 2017** From April 2017 the Family Element part of Child Tax Credit (£545 a year) will no longer be awarded to CTC claimants following the birth of their first child. Families claiming CTC for the first time after April 2017 will also not be awarded the Family Element. Families who were receiving CTC prior to a new claim and the break in the claim is less than 6 months will still be entitled to the Family Element.

d) **Cuts to Child Tax Credit for families with more than 2 children from April 2017**

From 2017 families not be able to claim Child Tax Credit for a third or subsequent child born after April 2017. Protection will be given to:

- families who have been receiving CTC or UC with and have a breaks in in their claim of less than 6 months;
- families with children with disabilities will continue to receive the disabled child element and severe disabled child element of CTC or UC;
- children born as multiple births will be protected;
- a woman who has a third child as a result exceptional circumstances.

2. Universal Credit

Although the proposed cuts to Tax Credit thresholds are no longer going ahead there have been no concessions to the cuts to Universal Credit work allowances. The regulations for the changes in work allowances were published in September; see <http://www.legislation.gov.uk/ukxi/2015/1649/made>

- a) **Work Allowances will be reduced** to £4,764 pa (£397) for couples with children and no housing cost and £2,304 (£192) for couples with children and have housing costs, from April 2016.
- b) **Work Allowances will be abolished for single people** and couples without children and without disabilities, from April 2016
- c) **First Child premium will be abolished** after April 2017 – so the allowances in UC will be the same amount for each child.
- d) **Extended parent conditionality** – from April 2017 lone parents and the main carer in a couple will be expected to start preparing for work when their youngest child reaches 2 years old and when their youngest child reaches 3 will be expected to available for and activity seeking work.
- e) **The Limited Capability for Work Element will be abolished** from April 2017.
- f) **Minimum Income Floor** for self-employed workers to be increased from number of hours x National Minimum Wage to number of hours x National Living Wage. This will mean self-employed claimants who work full time will be expected to be earning 35 x £7.20 per hour which is £252 a week. If they are not earning this amount then they will be assumed to have that amount of income when UC is calculated.
- g) **Cuts to UC for families with more than 2 children** Families claiming Universal Credit for the first time after April 2017 will only be able to claim for up to two children. There will also be no additional allowances for existing UC claimants who have a third or subsequent child born after April 2017. Exceptions will be made for
 - families who have been receiving CTC or UC with and have a breaks in in their claim of less than 6 months;
 - families with children with disabilities will continue to receive the disabled child element and severe disabled child element of CTC or UC;
 - cases where a single UC claimant becomes a joint claimant with an existing TC claimant who has more than 2 children;
 - children born as multiple births will be protected;
 - a woman who has a third child as a result of other exceptional circumstances.

3. Housing Benefit

- a) **Restricting Housing Benefit for Social Landlord Tenants** the amount of rent that housing benefit will cover in the social sector will be capped to the relevant local housing allowance, including the shared accommodation rate for single claimants under 35 who do not have dependent children. This will apply to tenancies signed after 1 April 2016, will affect housing benefit entitlement from 1 April 2018.

b) Limiting HB for claimants who are abroad for more than 4 consecutive weeks

From April 2016 Housing Benefit claimant who are outside Great Britain for more than 4 consecutive weeks for claimants will only be able to receive HB for the first 4 weeks.

c) Additional Discretionary Housing Payment funding will be made available to local authorities.

4. Pensions

a) Pension Credit limits for claimants who are abroad for more than 4 weeks

From April 2016 Pension Credit claimants who are outside the Great Britain for more than 4 consecutive weeks will only receive PC for the first 4 weeks.

b) State Pension/Pension Credit Increases

- The basic state pension will increase from £115.95 a week to £119.30 a week.
- The new 'single-tier' pension for those retiring after 5th April 2016 will be set at a maximum of £155.65 a week.
- The single person's allowance for a Pension Credit claimant will be £155.60 per week

5. Changes to Conditionality for UC and JSA

a) Universal Credit will extend the Jobcentre Plus support that people on Jobseeker's Allowance (JSA) get to 1.3 million additional claimants who currently get little or no support, by 2020.

b) New Jobseekers will be required to attend the Jobcentre on a weekly basis for the first 3 months of their claim

c) Help to Work Programme - currently for the long-term unemployed - will be brought forward

6. Breaking News

The High Court has found that the failure to exempt cap full-time unpaid carers in receipt of Carer's Allowance from the benefit, constitutes unlawful discrimination, in breach of Article 14 of the European Convention on Human Rights (ECHR).

Hurley & Ors v Secretary of State for Work And Pensions [2015] EWHC 3382 (Admin)

See <http://www.theguardian.com/society/2015/nov/26/iain-duncan-smith-unlawfully-discriminated-against-the-disabled-rules-judge>