

BUSINESS SUPPORT
OVERVIEW AND SCRUTINY COMMITTEE
13 APRIL 2017

UNIVERSAL CREDIT AND WELFARE REFORMS
SIX MONTHLY PROGRESS REPORT – ADDENDUM
REPORT

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Summary

Some of the details contained in this addendum report were contained in circular A5/2017 released by the Department of Works and Pensions (DWP) 16 March 2017 on a restricted internal circulation only basis. The contents were otherwise embargoed until HMRC launched their packages of communications on 6 April 2017. As a result it was not possible to include this information in the report on this matter when it was despatched with the agenda on 5 April.

1.0 Size Criteria

- 1.1 Following the Supreme Court ruling in respect of the challenges against the removal of the spare room subsidy, new regulations are in place from 1 April 2017 which allows an extra bedroom:
- a) When a disabled child or disabled non-dependant adult requires, and has overnight care from a non-resident carer (or group of carers).
 - b) When a couple are unable to share a bedroom because of their disabilities.
- 1.2 These changes extend to both the social and private rental sectors. An extra bedroom is already permitted where a disabled adult (claimant or partner) has a non-resident overnight carer and where a

child is unable to share a bedroom due to disabilities. For all other cases, the court ruled that discretionary housing payments continue to be an appropriate mitigation against the effects of the size criteria.

2.0 Two child limit

- 2.1 It was announced in the 2015 summer budget that changes would need to be made to housing benefit to reflect that the individual element of child tax credit (CTC) is to be limited to a maximum of 2 children from 6 April 2017. The change to limit support to no more than 2 children will apply to all new entitlements to housing benefit arising on or after 6 April 2017, or where, in an existing case, a new child or young person becomes a part of the family on or after that date and are not included in the CTC assessment. The restriction only applies to the personal allowances used within the benefit calculation. Every child or young person in the household will continue to be relevant for the other elements of housing benefit such as size criteria. There are exceptions to this rule for multiple births, caring arrangements and non-consensual conception.

3.0 Bereavement support payment

- 3.1 The bereavement support payment is a new payment for people whose spouse or civil partner dies on or after 6 April 2017 and replaces all previous bereavements benefits and allowances. The payments will form an initial lump sum followed by 18 monthly support payments. For housing benefit and pension age council tax reduction claimants this income and capital will be fully disregarded. For working age CTR claimants, the lump sum is treated as capital and the monthly payment is classed as unearned income.

4.0 Employment and Support Allowance (ESA) Work Related Activity Component (WRAC).

- 4.1 This has been abolished from 3 April 2017 and will not be available to new ESA claimants. Existing claimants will continue to receive the component. When the component is awarded the customer receives an equivalent component in their HB applicable amount. Following this change, where no WRAC is awarded in ESA, the Housing Benefit regulations have been amended so that no equivalent component will be awarded in Housing Benefit. Customers can still receive this component in their applicable amount for council tax reduction.

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Appendices:

None

Background papers:

Cabinet Report – Welfare Reform Task Group

<http://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=24708>.