

# **The government's welfare reforms: some which affect children & young people & our collective response**

**CHYP IN voluntary sector forum: 14 March 2017**

**Claire Horton, Active Inclusion Service, Newcastle City Council**

# The Newcastle context

- Between 2010 & 2016, a combination of government grant cuts & unfunded cost pressures saw a cumulative £221 million cut from Newcastle City Council's budget
- The council needs to save another £70 million by 2020, while demand for services is rising. By 2020 the council will have to be entirely self-financing
- Using the Treasury's costings we estimate there will be **£134 million annual reduction in income arising from working age benefits in Newcastle by 2021-22**
- This estimate doesn't include the savings arising from benefit sanctions because they haven't been costed by the government. Likewise, Discretionary Housing Payments (DHP) aren't included because information about the future allocation of DHP isn't available. The government has increased the funding available for DHP to mitigate the impact of some of the reductions to Housing Benefit entitlement. However, it was never their intention that DHP would mitigate the full impact of these reductions

# Welfare reforms – recently introduced & upcoming

- The Chancellor of the Exchequer repeated in his speech to Parliament on the Autumn Statement 2016 that “... **the government has no plans to introduce further welfare savings measures in this parliament beyond those already announced**”
- However ... locally there have been some recently introduced changes:
  - The lower benefit cap
  - Universal Credit ‘full service’
- Plus, there are still some previously announced changes to come including the following (& others) planned to take effect from April 2017:
  - 2 child limit for Child Tax Credits & Universal Credit
  - Removal of housing costs for 18 to 21 year olds in Universal Credit
  - Increased conditionality extended to those with younger children
  - Abolishment of work-related activity component paid in ESA & the equivalent element in Universal Credit

# The lower benefit cap

- The benefit cap is a limit on the maximum amount of out-of-work benefits that most working-age households can receive. The Summer Budget 2015 announced that the government would lower the benefit cap introduced in April 2013 from £26,000 for couples & families **to £20,000 per year** (outside of London). This change was introduced over a 12 week period from 7 November 2016. **It took effect for new households in Newcastle from 26 December 2016**
- **368 households in Newcastle are affected**; a large increase from the 57 households who were affected in November. 280 of those households are single parent families (76%). Byker is the most affected ward with 55 households (15%)
- **The above data doesn't include residents claiming Universal Credit who are affected by the lower benefit cap**, as the Department for Work & Pensions (DWP) aren't providing councils with information about Universal Credit claimants
- Since 2016, the council & Your Homes Newcastle (YHN) have been targeting support to the families estimated to be affected to help them to improve their financial situation. This includes checking for exemptions, providing budgeting & debt advice (including liaising with landlords) & referring to employment support

# The lower benefit cap – coordinating our support

- To provide temporary financial support to help the affected households to transition to having reduced income from benefits, the council has granted **automatic DHP awards for 70% of their shortfall for the period from 26 December 2016 to 31 March 2017** (DHP won't be paid for any rent-free weeks within that period)
- If you are working with any Newcastle households affected by the benefit cap:
  - **If they are a YHN tenant**, please phone the YHN Benefit Cap team on **0191 278 8754** or email [benefitcap@yhn.org.uk](mailto:benefitcap@yhn.org.uk)
  - **If they are a non-YHN tenant** (private rented or other Registered Social Landlord), please email [natasha.vukas@newcastle.gov.uk](mailto:natasha.vukas@newcastle.gov.uk) or phone her on **0191 211 1054** so that we can update the central record for the city which we're using to monitor the impact. If the resident needs specialist advice on benefits, budgeting, debt, housing or employment support, please take their full name, phone number & the first line of their address & say they will receive a call back in the next few days. If there are urgent financial problems & Natasha isn't around, email the details to [moneymatters@newcastle.gov.uk](mailto:moneymatters@newcastle.gov.uk) & a Debt Adviser will phone them back

# Universal Credit – a reminder

- Universal Credit is a means tested benefit for working age people who are on low incomes, working, seeking to work or unable to work. It is replacing the following benefits & Tax Credits: Income-related Employment & Support Allowance (ESA), Income-based Jobseeker's Allowance (JSA), Income Support, Child Tax Credit, Working Tax Credit & Housing Benefit
- Universal Credit brings significant changes for residents claiming it because of potentially large differences in income & the way that the benefit is delivered. Usually, this means:
  - **Receiving one single monthly payment to the household which includes an element of housing costs**, meaning that residents have to budget on a monthly basis & pay their rent themselves to their landlord (rather than rent often being paid directly to the landlord, i.e. via Housing Benefit)
  - **Making & managing a Universal Credit claim online**, including responding to regular online alerts & tasks to avoid a benefit sanction
  - **Complying with work-related conditionality** to avoid a benefit sanction
- **Council Tax Reduction is not part of Universal Credit & a separate claim must be made with the council**

# Universal Credit – further roll out in Newcastle

- The Universal Credit ‘full service’ was introduced for all new claims to the benefits & Tax Credits listed on the previous slide for claimants living in the Newcastle City Jobcentre area in May 2016 & Newcastle East Jobcentre area on 8 February 2017. **The ‘full service’ will be introduced in the Newcastle West Jobcentre area on 15 March 2017.** These roll outs include anyone who is currently on the ‘legacy’ benefits & Tax Credits & has a [change of circumstance that would trigger a new claim to Universal Credit](#)
- The transition to Universal Credit creates significant challenges for some residents, especially due to the waiting period for the first payment, single payment, budgeting requirements & need to manage the whole claim online
- The changes that Universal Credit brings **increase the importance of supporting residents to budget & manage their income on a monthly basis, prioritising their rent payments to reduce the risk of homelessness.** As well as support to multi-agency staff & volunteers to understand Universal Credit & other welfare reforms, we have free online & face to face training available to support budgeting. Information, including dates & booking details, is online at [www.newcastle.gov.uk/financialinclusionforprofessionals](http://www.newcastle.gov.uk/financialinclusionforprofessionals)

# Universal Credit – support for Newcastle claimants

The following additional support is available in Newcastle:

- **Assisted Digital Support** – for residents who need support to make the Universal Credit claim online, you can book a one hour ‘Universal Credit online claim form appointment’ at City Library by phoning **0191 277 4100**
- **Personal Budgeting Support** – residents who are claiming Universal Credit & need support with budgeting as a result of the changes it brings should speak to their Jobcentre Plus work coach. Their work coach will refer them to Personal Budgeting Support if they think it is needed. If a resident has spoken to Jobcentre Plus but has not been referred & believes that they still need support with budgeting as a result of Universal Credit, you can contact the following services:
  - If they are a YHN tenant, email [universal.credit@yhn.org.uk](mailto:universal.credit@yhn.org.uk)
  - If they live in any other tenure of property, email [moneymatters@newcastle.gov.uk](mailto:moneymatters@newcastle.gov.uk)



## 2 child limit for Child Tax Credits & Universal Credit

- From 6 April 2017 financial support provided through Child Tax Credit (£50 per week per child) will be limited to 2 children. Any subsequent children born on or after 6 April 2017 will not be eligible for support. Residents can still receive a child element for more than 2 children if the children were born before 6 April 2017 or if they are exempt
- There is also a 2 child limit in Universal Credit, unless an exemption applies. **Anyone who makes a new claim for Universal Credit on or after 6 April 2017 & has 3 or more children will be told they can't claim Universal Credit. Instead, they will be told to claim the benefits that Universal Credit is replacing, such as Tax Credits & Housing Benefit.** In November 2018 this will change & Universal Credit claims will be taken from people with 3 or more children. They will then only receive an amount for up to 2 children, regardless of the children's dates of birth
- Those residents who already claim Universal Credit & had more than 2 children before 6 April 2017 will continue to receive it, including the amount for those children, but they will not receive any additional amounts for any new children
- More information will be available when the regulations are laid on 15 March 2017

# Removal of housing costs for 18 to 21 year olds

- **18 to 21 year olds who make a new claim for Universal Credit in ‘full service’ areas from 1 April 2017 will not have any housing costs included in their Universal Credit assessment.** This policy is aimed at single people who are renting & subject to all work-related requirements (required to look for & be available for full-time work)
- **“The Government recognises that, whilst the majority of young people can live at home, there will be some who are unable to do so.** This policy will not apply where the claimant is an orphan or their parents live abroad, or, it would be inappropriate for the claimant to live in the parental home including where there would be a serious risk to the claimant’s physical or mental health, or the claimant would suffer significant harm, if the claimant lived with them.”
- The Government also recognises that it would be unreasonable to remove entitlement where the claimant is vulnerable. There are a list of exemptions which mean that the policy will not apply. Like other welfare reforms, you may require specialist support to understand the rules to help you to identify & support residents to claim exemptions

# Removal of housing costs for 18 to 21 year olds

**Exemptions apply** if the claimant:

- is 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

**Other exemptions relating to work-related activity & earnings apply**

Residents who are already claiming Universal Credit with housing costs won't be affected, unless they have to make a new claim for Universal Credit at a later stage

# Other welfare reforms due to take effect from April 2017

Previously announced changes include:

- **Withdrawal of the family element from Child Tax Credit** – this extra amount of £545 per year will not be available for those starting a family from April 2017. The equivalent in Universal Credit, called the first child premium, will also not be available for new claims after April 2017
- **Increased conditionality extended to those with younger children** – parents claiming Universal Credit whose youngest child turns 3 years old will have to be fully available for work & work activity. Those whose youngest child turns 2 years old should take part in work preparation as well as work focused interviews
- **Abolishment of work-related activity component paid in ESA & the equivalent element in Universal Credit** – removing the additional work-related activity amounts paid for having ‘limited capability for work’ for new claims from 3 April 2017 for ESA (Work-Related Activity Group – £29.05 per week) & Universal Credit (£29.10 per week) to align the rates of payment with those claiming JSA. Existing claimants will not be affected. Even though claimants will not receive the additional amount, it is important that they are assessed for it correctly as it will affect their work-related conditionality
- **‘Youth obligation’ for under 21 year olds** – with stronger ‘day one’ work requirements & an increase in apprenticeships will be introduced in ‘full service’ Universal Credit areas. We await information about how this will apply in Newcastle

# Newcastle's collective response

- The government's welfare reforms bring complexity, uncertainty & challenges – for residents & organisations. They can't be cost effectively responded to by a single service approach. We seek to strengthen our systems, meet the interconnected challenges of the welfare reforms & change organisational & staff cultures to make it everyone's business to respond to poverty
- **Active Inclusion Newcastle:** a partnership approach to responding to increased demand with reduced resources by coordinating information, advice & support to promote financial inclusion & to prevent homelessness to support residents to have the foundations for a stable **life:** somewhere to live, an income, financial inclusion & employment opportunities. We seek to:
  - **Support organisations & residents to adapt to the reduced welfare state**
  - **Make the most of our resources:** information, advice, support & care
  - **Strengthen partnerships with the DWP:** including data sharing, case management & joint systems
  - **Improve our understanding of the individual, systemic & structural causes of destitution & homelessness**
  - **Manage expectations** – the council can't replace the huge government cuts

## Public sector transformation – examples of partners aligning their resources to make the most of reduced funding in 2015-16

- **Prevention of homelessness** – 3,775 cases of homelessness prevented & no bed & breakfast use since 2006
- **Credit union membership** – 8,276; a 65% rise since 2011 by increasing school-based collection points, payroll deductions & marketing through partners
- **Employment support** – 650 residents supported into employment
- **Telephone welfare rights & debt consultancy advice** – for 1,140 residents
- **Welfare benefit gains** – 18,697 residents helped to secure £27,174,682
- **Debt advice** – 4,269 residents advised & helped to write off £3,622,128 of excessive debt
- **YHN evictions** – 48 evictions (76% decrease from 197 evictions in 2007-08)
- **Benefit sanctions** – 38% reduction in proportion of JSA claimants sanctioned from Q2 2014-15 to Q2 2015-16
- **Supporting Independence Scheme** – 693 households awarded resettlement support
- **Crisis Support Scheme** – 931 households provided with emergency food, fuel, clothing or travel support

# More information

- **For information about the government's welfare reforms**, including a timeline of the changes, visit [www.newcastle.gov.uk/welfarereform](http://www.newcastle.gov.uk/welfarereform)
- **For information about Universal Credit in Newcastle**, visit [www.newcastle.gov.uk/universalcredit](http://www.newcastle.gov.uk/universalcredit)
- **For benefit bulletins, consultancy telephone numbers & other resources for staff & volunteers**, visit [www.newcastle.gov.uk/financialinclusionforprofessionals](http://www.newcastle.gov.uk/financialinclusionforprofessionals)
- **To join the circulation list to receive weekly information updates**, email [activeinclusion@newcastle.gov.uk](mailto:activeinclusion@newcastle.gov.uk)

**Contact:** Claire Horton, Active Inclusion Service, Newcastle City Council

Email [claire.horton@newcastle.gov.uk](mailto:claire.horton@newcastle.gov.uk)

Phone 0191 211 6049