

Benefit Bulletin: Big benefit changes and news

Produced by the Active Inclusion Service, Newcastle City Council

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Future benefit changes

Post-election

What is in store for the social security system since the election? An indication can be found in three recent major policy announcements. All are proposals and depend upon parliamentary votes, the agreement with the DUP and negotiations with the EU.

- [The Queen's Speech](#) did not include many of the welfare related announcements in the Conservative Party's manifesto. However, consultation is promised on social care funding instead of the so called "dementia tax" and a National Insurance Contributions Bill was proposed.
- A policy paper '[Conservative and DUP Agreement and UK Government financial support for Northern Ireland](#)' announced no change to the pensions triple lock and the universal nature of the winter fuel payment.
- Proposals in the negotiation policy paper: '[Safeguarding the position of EU citizens in the UK and UK nationals in the EU](#)' included access to benefits for migrants.

In addition, existing and future welfare reforms enacted by the last two governments look set to continue but may be subject to change. They are described in our webpage [changes to the benefits system](#), our [timeline of the main benefit changes](#) and these [benefit bulletins](#).

Support for mortgage interest (SMI) in benefits becomes a loan from 6 April 2018

At the moment, certain means tested benefits like Income Support and Universal Credit can include an amount to help with mortgage interest payments. However, [new rules](#) replace that with an interest accruing loan provided by a 'third party provider', secured by a second charge on the claimant's property and repayable for example, on the sale of the property.

Around 140,000 households currently receive SMI benefit. About 50% of claimants are working age with the other 50% being of pension age.

The 'explanatory memorandum' that accompanies the new rules says its consultation had "a predominantly positive response to the idea of SMI as a loan." The government estimate it will save £476m over 4 years. See the [updated guidance](#) on the gov.uk page.

Here are some of the main features:

- Rather than the help being included as part of a person's benefit, it will be provided as a loan provided by 'third party providers'. Presumably banks and other lenders
- Therefore the amount of that benefit will reduce. If they have other income, it may reduce to nothing. However, they will still be entitled to connected help such as access to free school meals
- Existing recipients of SMI will be written to and told when it will end and about the availability of applying for a loan, which will involve having to make a phone call to a 'third party provider'. The choice to take up a loan will be voluntary
- Existing SMI may continue for a short time pending the first loan payment or if an appointeeship needs to be arranged for someone who lacks mental capacity

- For new claims from claimants who lack capacity, this temporary support will not apply, and “Instead, the Department is working with the Council of Mortgage Lenders to ensure that lenders forebear in cases where a claimant lacks mental capacity to act and an appointment is pending.”
- Interest will be charged on the sum of the loan payments made to the claimant, applied monthly on a compound basis. This means that the total amount borrowed will be based on the amount of SMI payments paid to the mortgage lender plus interest
- A charge on the property will be part of the agreement of the loan
- When the claimant’s home is sold or ownership transferred, the sum of the loan payments and accrued interest will become immediately due and payable from any remaining equity once their mortgage has been paid. Or it can repaid voluntarily when the claimant returns to work
- If there is insufficient equity in a claimant’s property to repay the whole loan, the balance would be written off

Proposal to further raise the State Pension age from 67 to 68 in 2037 to 2039

The government has announced its intention to bring forward the rise by seven years from its current legislated date of 2044 to 2046.

For more details, see the [New timetable for State Pension changes to maintain fair and sustainable pension](#) from gov.uk.

Jobcentre Plus office closure and support for claimants

In its [plans to streamline Jobcentre Plus offices](#) the government had originally announced the closure of the East and West Newcastle Jobcentres. Since then, [updated plans](#) confirm that only the Newcastle West Jobcentre on the West Road will close. As yet, the date is unknown. The other two Jobcentres of City in Cathedral Square and East in Coquet House, Byker will remain open.

In a [debate in Parliament](#) about Jobcentre Plus office closures and changes, the Minister for Welfare Delivery, Caroline Nokes MP, said that the DWP will look to reimburse costs where claimants are required to sign on more frequently than fortnightly and in relation to the extra cost of having to travel to a more distant Jobcentre to sign on she said “Where claimants are required to sign on more frequently than fortnightly we will look to reimburse costs”. And, “Of course, many disabled claimants access our services very successfully online, but, as I have said, the DWP has a home visiting service which we can extend to all disabled claimants who ask for it when their circumstances make it difficult for them to go to a jobcentre”.

Other benefit news and information

Former residents of Grenfell Tower

Guidance has been provided to local authorities for example on applications for discretionary funds, although the benefit cap will still apply to them as may the bedroom tax. For example, [HB Bulletin U3/2017](#). Other emergency amendments have been made to legislation which would have restricted emergency support.

Help for sanctioned claimants who are homeless or have a mental health condition

Claimants on certain benefits are expected to take part in some level of work related activity. Failure to comply can mean a cut in benefit called a 'sanction'. From 23 October 2017, sanctioned Jobseeker Allowance claimants who are homeless or have a mental health condition will be added to other vulnerable groups who [have immediate access to hardship payments](#), rather than waiting two weeks. See the [rule](#) which brings in this change.

The new Secretary of State for Work and Pensions

Is David Gauke. [Details of the whole ministerial team](#).

Equal pension rights for same sex marriages and civil partnerships

The [government to respond](#) in due course to the [Supreme Court decision](#).

Employment reaches a new record high

Details in this [press release](#) from gov.uk.

Universal Credit

Latest figures show 7,722 people on Universal Credit in Newcastle

You can find DWP stats on Universal Credit, other benefits and sanctions via these webpages: [Universal Credit statistics](#) and also [quarterly](#) or [do it yourself](#) statistics.

As you know, full service Universal Credit applies to all three Newcastle jobcentres. This recent [timetable](#) shows the **further roll out** of Universal Credit in other areas across the country including Gateshead in October 2017 and North Shields and South Shields in February 2018.

Free school meals under Universal Credit – change in Scotland

Those on Universal Credit have only needed to show they were on that benefit in order to get free school meals. From 1 August 2017 an [earnings taper](#) has been introduced **in Scotland only** so that some claimants who have earned £610 a month cannot get free school meals. We await its introduction in the rest of the UK.

Guidance for the self-employed under Universal Credit

Provided by [revenuebenefits](#).

See our [Universal Credit webpages](#) and find out about the [support for Newcastle residents](#).

The benefit cap

The benefit cap is a limit on the total of several means tested benefits a person might be entitled to. In November 2016 that limit was lowered so more people are affected. Some people are exempt from the cap.

At 13 July 2017, 364 households in Newcastle were affected by the benefit cap

Where:

- 150 households had a benefit reduction of up to £29 per week
- 50 households saw a loss of between £30 and £59 per week
- 160 households had a benefit reduction of £60 or more per week, and
- The total number of children in Newcastle affected by the benefit cap was 1,311

Nationally, recent stats from the DWP show that [the number of those affected by the benefit cap has increased by 230% to 66,000](#).

The High Court decided in June that the benefit cap for lone parents with children under two is unlawful but [the DWP are appealing](#) the decision so the cap will still be applied until it's finally decided. However, the organisation CPAG, who took this and other cases are advising people in similar situations to submit late appeals now, as a way to 'protect' themselves if the appeal goes in their favour in the future. See [more information and guidance from CPAG](#).

For **more information on the benefit cap, including exemptions and the support available in Newcastle** [see our website](#).

Help for disability benefit claimants

Temporary help for loss of Motability car

If your PIP award is reassessed and you lose your higher mobility rate, the time you can keep your Motability vehicle is extended from three to eight weeks.

If you were on the Motability scheme in 2013 and your Disability Living Allowance is reassessed under PIP and you don't get the higher mobility rate, you can keep the vehicle for up to six months whilst challenging the decision. See the [full rules in Motability website](#) and the [Minister's statement](#). See our [factsheet guidance on challenging PIP decisions](#).

Rapid reclaim for PIP claimants returning to UK within 12 months

Due to have started in June, most of those who have been out of the country between 13 weeks and 12 months will not need to start a new claim. See the [Minister's statement](#).

Form to prove terminally illness can be provided online and save time

Healthcare professionals are now able to submit the DS1500 form electronically that provides evidence to confirm terminal illness. This should reduce waiting times for the relevant benefit such as PIP to be paid. See the new [guidance to healthcare professionals](#) and paragraph 2.7.4 in the 'guide to completion'.

Improvement in obtaining further medical evidence

Following a court decision that said the DWP's practice in obtaining medical evidence led to many with mental health problems being placed at a substantial disadvantage, the DWP have issued guidance to Health Care Professionals. The guidance is not limited to those with mental health problems. See [DMG Memo 13/17](#) and [ADM Memo 16/17](#).

Support for those on the sick losing the extra £29 a week component

The government [in Parliament](#) has listed the support for those claimants on the sick who are affected by the loss of the extra £29 a week component paid in Employment and Support Allowance or Universal Credit described in the April [benefit bulletin](#), such as the [flexible fund](#) to support people into work and other benefits and support.

PIP medical assessments. Atos Healthcare name change

The company that carries out the assessments for PIP claims is changing its name but it "doesn't affect the PIP process and the DWP will continue to make the decision on PIP claims." See the [Independent Assessment Services](#) website which explains their role and the process.

Top tips

Some simple advice about avoiding benefit problems and helping people get their correct benefit entitlement.

When claiming a sickness or disability benefit it is important to get as much medical and supporting evidence in as soon as possible to avoid delays and help the decision maker with his/her decision. To help with that, see the [factsheets](#) on how to claim and the criteria for Employment and Support Allowance and the equivalent in Universal Credit and Personal Independence Payment on our benefits information page.

To find out who can claim what benefit, see our [list of life circumstances](#).

Reports, impacts and public attitudes

Quite a number of recent studies and reports on benefits, welfare reforms and people.

Looking at the **Future impact of welfare reforms**, the [IFS have reported](#) that whilst the period between 2010 and 2015 saw lower income households lose as a result of benefit cuts, the changes from 2015 and those continuing in the future will have a bigger impact. For example:

- The freeze of most working age benefits until March 2020 which under current inflation forecasts will see a 5% reduction in their value
- Cuts to Tax Credits and Universal Credit for families such as the two-child limit
- The roll out of Universal Credit

See also their other report, [Living standards, poverty and inequality in the UK: 2017](#) and the [House of Commons library](#) report on the **impact of April's welfare reforms**.

A major [survey on social attitudes](#), shows a **change** in public opinion on tax, redistribution of income and benefit recipients.

The [Trussell Trust](#) reports on the numbers of **foodbank use** by Universal Credit claimants.

Reports by [MIND](#) and the [UK Council for Psychotherapy](#) looked at the impact of being **sanctioned** on people with **mental health problems**. Whilst [research from Gingerbread](#) considers the numbers of **single parents** who are sanctioned but are more likely to get their sanction overturned when challenged. A wide report by the [University of Oxford](#) looks at connections between welfare reforms, benefit delays, sanctions and higher foodbank use.

See also the government's response to the [United Nations Committee report](#) on the reforms and disabled people.

The report '**Does Money Affect Children's Outcomes?** An update' by the [London School of Economics](#) concludes that it does – as it is "... important for children's cognitive development, physical health and social and behavioural development. Money is also important for children's home environment and mothers' mental health, both of which are significant for child development."

A far reaching report by the [Samaritans](#) looks at socioeconomic disadvantage and suicidal behaviour.

News from the Department for Work and Pensions

Sign up for the [DWP's Touchbase](#) – news for advisers and intermediaries.

Also see their [useful benefit information](#) on gov.uk.

Further support, information and training

For more information on benefit changes, see our web page [Changes to the benefits system](#) which includes a [timeline of the main benefit changes](#).

More details about benefits can be found on [our welfare rights and money advice web pages](#), including the benefits mentioned above, benefit self-help factsheets and 'Where to get advice in Newcastle'.

This Benefit Bulletin was written in **July 2017** by the Active Inclusion Service, Newcastle City Council. It is provided bi-monthly and at times of important benefit changes and news. It is as accurate as possible at the time of writing. The bulletin is part of the Active Inclusion Newcastle support to professionals, which includes '**Introduction to benefits**' training. You may also be interested in the **Debt Bulletin** which is produced quarterly. [For more details, see our web page for professionals and volunteers](#).

We also produce a weekly **Active Inclusion Newcastle e-bulletin** which provides a brief update on financial inclusion and homelessness prevention issues. If you want to receive this, or for more details, email activeinclusion@newcastle.gov.uk