

‘at a glance guide to’  
**Benefit Changes in the  
 HM Treasury Summer Budget 2015**



Updated 1/12/2015

Area of Benefits Affected	Benefit Change	Reference budget policy doc.
<b>Total Benefit cuts</b>	<i>To cut £12.99 billion from Welfare Benefits by 2019/20 by the following changes-</i>	Budget Speech
<b>Tax Credits and the Universal Credit child elements limited to 2 children only</b>	For children born after April 2017 only, the amounts paid per child will be limited to 2 children as a maximum. An equivalent change will be made in Housing Benefit to ensure consistency between both benefits. This will also apply in Universal Credit to families who make a new claim from April 2017. Households who have been in receipt of tax credits or Universal Credit, with an interruption of less than 6 months, will be protected. Children with disabilities will continue to receive the Disabled Child Element or Severely Disabled Child Element in tax credits and the equivalent in Universal Credit. Multiple births will be protected in both systems. The Department for Work and Pensions and HMRC will develop protections for women who have a third child as the result of rape, or other exceptional circumstances. <b>saving £1.365 billion.</b>	3.4
<b>Tax Credit Family Element</b>	Those starting a family after April 2017 will no longer be eligible to the Family Element in tax credits. The equivalent in Universal Credit, known as the first child premium, will also not be available for new claims after April 2017. Households who have been in receipt of tax credits or Universal Credit, with an interruption of less than 6 months, will be protected. Children with disabilities will continue to receive the Disabled Child Element or Severely Disabled Child Element in tax credits and the equivalent in Universal Credit. In Housing Benefit, the family premium will be withdrawn for new claims from April 2016. <b>saving £0.65 billion.</b>	3.4
<b>Housing Benefit Backdating</b>	From April 2016, Housing Benefit claims will be backdated for a maximum of 4 weeks.	6.3
<b>Extending parent conditionality</b>	From April 2017 parents claiming Universal Credit, including lone parents, will be expected to prepare for work from when their youngest child turns 2, and to look for work when their youngest child turns 3.	6.3
<b>Tax Credit thresholds/</b>	changes scraped- announced in the Spending review and Autumn Statement 2015- <del>From 2016/17, earnings threshold reduced</del>	3.4

<b>taper changed</b>	from £6420 to £3850. Earnings taper increased from 41% to 48%. <b>(saving £0.245 billion).</b> This change remains- Income increase disregard lowered from 5,000 to 2,500. <b>saving around £110 million</b>	
<b>Universal Credit Work Allowances reduced</b>	From 2016/17, the equivalents to earnings disregards in Universal Credit (work allowances) will be reduced to £4,764 for those without housing costs, £2,304 for those with housing costs, and removed altogether for non-disabled claimants without children. <b>saving around £3.5 billion.</b>	3.4
<b>Limit ESA for those in the WRAG group</b>	From April 2017, for new claimants only, remove the work related activity component for those in the WRAG group. <b>saving £0.640 billion.</b>	6.3
<b>Housing Support abolished for many 18-21 year olds</b>	From April 2017 remove the automatic entitlement to housing support for new claims in Universal Credit from 18-21 year olds who are out of work. There will be exemptions, including for vulnerable young people, those who may not be able to return home to live with their parents, and those who have been in work for 6 months prior to making a claim, who will continue to be able to receive housing support for up to 6 months while they look for work. <b>saving £40 million.</b>	6.3
<b>Youth obligation for those Age 18-21</b>	From April 2017, young people will participate in an intensive regime of support from day 1 of their benefit claim, and after 6 months they will be expected to apply for an apprenticeship or traineeship, gain work-based skills, or go on a mandatory work placement to give them the skills they need to move into sustainable employment.	6.3
<b>Tax Credit Recovery</b>	HMRC will recover overpayments of Working Tax Credit from payments of Child Tax Credit, and recover overpayments of Child Tax Credit from payments of Working Tax Credit. Expanding the enforcement of tax credits debt. HMRC will extend the use of the private sector to improve the collection of tax credit debt; this will target tax credit debt in excess of £3,000 that has already passed the Extending Tax Credits debt collection process.	6.3
<b>DHP's continue</b>	Discretionary Housing Payments funded at £800 million of funding for Discretionary Housing Payments over the next 5 years.	3.6
<b>The Benefit Cap Level Lowered</b>	Current benefit cap level reduced from £26 to £23k in London and £20k in the rest of the UK. <b>saving- £0.495 billion</b>	6.3
<b>Support for Mortgage interest to be a Loan</b>	From April 2018 support to be a loan not a benefit. Also the SMI waiting period will return to the pre-recession length of 39 weeks. <b>saving £0.245 billion</b>	6.3

<b>Reduce social sector rents</b>	From 2016/17 reducing social sector rents by 1% per year for four years. Saving- <b>saving £1.445 billion</b>	6.3												
<b>Freezing working age benefits</b>	The freezing of working age benefits for 4 years, including local housing allowances. Doesn't include Statutory payments, including Maternity Allowance, Maternity Pay, Paternity Pay and Statutory Sick Pay will continue to be indexed by CPI. Disability benefits will also continue to be indexed by CPI, including Personal Independence Payment, Attendance Allowance, Disability Living Allowance and Employment and Support Allowance (Support Group). Or to tax credits disability elements. <b>saving £4.01 billion</b>	3.4, table A1												
<b>Welfare Cap Forecast lowered</b>	<table border="1"> <thead> <tr> <th></th> <th>2016/17</th> <th>2017/18</th> <th>2018/19</th> <th>2019/20</th> <th>2020/21</th> </tr> </thead> <tbody> <tr> <td>Welfare Cap</td> <td>115.2</td> <td>114.6</td> <td>114</td> <td>113.5</td> <td>114.9</td> </tr> </tbody> </table>		2016/17	2017/18	2018/19	2019/20	2020/21	Welfare Cap	115.2	114.6	114	113.5	114.9	3.4
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