

**Welfare Reform Steps Chancellor's Summer Budget - July 2015****Potential Impact in Tonbridge & Malling**

Reform	Effective from	Potential Impact
4 year freeze to certain working age benefits including tax credits, local housing allowance rates and child benefit	April 2016 Applies to new and existing claims	Widening income gap between non-working and working households. Gap will taper for claimants on in-work benefits. Provides incentive to move into work and increase earnings. Private rents will continue to increase as LHA rates are frozen, decreasing the number of affordable private rentals. Existing tenants will experience rent increases but housing benefit levels will not meet them. Increased demand on DHP fund.
Lowering benefit cap from £26,000 to £20,000 for couples / lone parents and £13,400 for single claimants	tba Expected soon after the Welfare Reform and Work Bill 2015-16 receives royal assent	Increase in numbers having housing benefit capped. TMBC likely to increase from 17 to around 50 households. Those currently capped will have greater shortfalls. Increased demand on DHP fund. Couples with 2 or more children and single parents with 3 or more children in private rented accommodation or affordable housing will not be capped due to rent / LHA levels. Only social rents could be met in full by HB, although not all depending on composition of household. Clear incentive to move into work (16+ hours for single parents, 24+ hours for couples)
Housing benefit backdating restricted to a maximum of 4 weeks (currently 6 months)	April 2016	No housing benefit payable more than 4 weeks prior to claim even if good cause for not claiming at the time.
Limit Child Tax Credits and housing benefit to account for a maximum of 2 children	Children born after April 2017 New and existing claims	Widening gap between household costs and income for family composition of 3+ children
Reduce earnings level threshold for tax credit withdrawal	April 2016 New and existing claims	Reduction in tax credits awards. Average loss estimated at £20 per week. Estimated 10,000 – 12,000 households in Borough

Family Premium removed from housing benefit	April 2016 New claims	Reduction in housing benefit for non-passported cases
Parents with a youngest child of 3 or over will be expected to work / look for work in order to receive Universal Credit	April 2017 New and existing claims	More in-work claims enabled by additional childcare allowance below, relatively low numbers
Free childcare entitlement doubled from 15 to 30 hours per week for working parents with children 3 to 4	April 2017 New and existing claims	Allows for above condition
New ESA claims placed in Work Related Activity Group to receive same rate as Jobseekers Allowance (and equivalent in UC) from April 2017	April 2017	Removing financial incentive to stay on ESA
Remove entitlement to housing support costs in Universal Credit for 18 -21 year olds (equivalent of housing benefit)	April 2017	Exemptions planned for vulnerable and those who may not be able to return home to live with parents. Those who have been in work for 6 months can receive support for 6 months while they look for work
Increase to Discretionary Housing Payment allocation	April 2016	Mitigates some changes. Additional administration. Greater all round demand / pressure on budget.
Social rents to decrease by 1% per year for the next 4 years	April 2016	Curbs rising housing benefit budget. Very little local impact on HB. Housing associations face budget restrictions, ability to borrow for and develop housing stock
Social sector tenants with incomes above £30,000 to pay near market rent	April 2016	'Pay to Stay' housing associations may keep additional revenue. Administrative issues. Possible rise in rent arrears, evictions etc