

Overview & Scrutiny Committee – Tuesday 12 March 2013

Welfare Reforms briefing paper

Please note – these changes apply to working age customers only.

Universal Credit

Universal credit will be piloted in an area of Manchester from April 2013, further pathfinder authorities will follow from October 2013 with a national roll out expected from April 2014 for new claims only. Existing claims are expected to start migrating to universal credit from October 2014 onwards.

Universal credit will replace some of the income related benefits currently paid by the DWP, tax credits paid by the HMRC and housing benefit paid by the local authority, it will be administered by the DWP and claims will be made electronically or by telephone. Claimants will receive their payment every month in arrears which will include any payment intended to help towards rent. We expect that claimants who will be impacted the most will be those within the social rented sector, who will be responsible for paying their own rent, many of whom have never had to do so before.

Claimants who receive housing benefit, currently have their housing benefit paid independently from any other benefits they receive, or the payment goes direct to their landlord. Therefore they are able to distinguish between help they have received for their rent and money they have available to live on.

Most tenants who rent from a private landlord have their payments paid directly to themselves whilst most tenants in the social rented sector have housing benefit paid direct to their landlords. Housing benefit is paid 4 weekly in arrears, with the exception of council tenants whose rent is paid weekly directly to their rent account. Around £260,000.00 in housing benefit payments is credited to the housing revenue account each week, this will need to be collected by the housing department from the tenants, once they transfer to universal credit.

Benefit Cap

The Government is clear that people should be better off in work than out of work and the Benefit Cap is intended to ensure that people cannot get more money in benefits than those in work. This was expected to be introduced nationally in April 2013, however in December the Government announced that the cap would be piloted in four London authorities with a national roll out to be completed by late summer. The effect of the cap will be to restrict weekly benefit income to £500.00 for a family or a couple and £350.00 for single people. Until universal credit is rolled out, the cap will only be applied to housing benefit payments. Claimants who are working and claiming tax credits will be exempt from the effects of the Benefit cap.

It is estimated that 50,000 households will be affected by the benefit cap nationally and the amount of reduction in benefit is shown below.

Loss in Benefit £'s per week	Less than £50.00 per week	Between £50.00 and £100.00 per week	Between £100.00 and £150.00 per week	More than £150.00 per week
Proportion of losers %	40	25	20	15

The following table shows how those within Warwick District will be affected.

Income from Benefit which is above the cap.	Reduction in Housing Benefit	Local Authority tenant	Other Social Housing tenant (Orbit, Jephson etc)
£12.63	£12.63	YES	
£61.24	£61.24	YES	
£150.48	£139.53	YES	
£12.62	£12.62	YES	
£28.38	£28.38	YES	
£41.10	£41.10	YES	
£0.52	£0.52	YES	
£77.35	£77.35	YES	
£1.83	£1.83	YES	
£8.90	£8.90	YES	
£39.15	£39.15	YES	
£44.44	£44.44	YES	
£257.07	£95.35	YES	
£1.20	£1.20	YES	
£103.43	£92.12	YES	
£69.62	£69.62	YES	
£83.09	£83.09	YES	
£2.62	£2.62	YES	
£10.84	£10.84	YES	
£76.75	£76.75	YES	
£196.51	£51.48	YES	
£89.21	£89.21	YES	
£26.05	£26.05		YES
£43.14	£43.14		YES
£7.86	£7.86		YES
£13.22	£13.22		YES
£0.36	£0.36		YES
£24.84	£24.84		YES
£76.95	£76.95		YES
£14.39	£14.39		YES
£28.82	£28.82		YES
£22.55	£22.55		YES

DWP have written to those who will be affected by the cap encouraging them to contact the job centre to discuss their work options. Local authority tenants have been contacted by housing and are being invited to attend a meeting with the financial inclusion officer to discuss options. All other claimants have been contacted by the benefit department.

Due to new data sharing arrangements, benefits have been able to share the details of those affected by the cap with their landlords and they are also providing advice and guidance to potential capped claimants. We also meet with the DWP on a regular basis to look at ways we can assist in helping people back into work.

Under-occupancy

From April 2013 a size criteria will be considered when a tenant renting within the social rented sector receives housing benefit, housing benefit claimants renting within the private rented sector, have always had benefit restricted where they rent a property which is too large for their needs and similar rules will now apply to the social rented sector. When a claim for Benefit is made, the number of occupants will be compared to the number of bedrooms in the property. Where the claimant has more bedrooms than they need, the eligible rent used to calculate benefit will be reduced by 14% for one extra bedroom and 25% for two bedrooms.

One bedroom will be allowed for each of the following

- A couple
- A person who is not a child (aged 16 or over)
- Two children of the same sex
- Two children of different sexes under 10
- Any other child (excluding foster children)
- An overnight carer or group of carers

The only exemptions from the size criteria are

- Shared ownership
- Pension age claimants
- Non mainstream tenancies such as houseboats and caravans
- Temporary accommodation in which people are housed by the LA due to homelessness
- Supported “exempt” accommodation where the landlord or someone on behalf of the landlord provides care, support or supervision.

It should be noted that there are no exemptions for people with disabilities who may require an additional room due to medical reasons.

There are currently 999 claimants within Warwick District considered to be under occupying their properties, the following table shows the breakdown of those affected.

	One bedroom	Two bedroom	Total
L/A tenants	625	101	726
Other landlords	246	27	273
Total	871	128	999

The guidance to local authorities for those affected by under occupation is to encourage people to

Take in a boarder or lodger

Ask non dependants to contribute more

Move in to work or increase hours worked

Apply for discretionary housing payments.

Move to a smaller property

The benefit department have produced advice sheets on each of the above for claimants, however it is important that claimants understand how their benefit may be affected. Any increase in income would affect the Benefit calculation and we are encouraging claimants who are considering taking in a lodger or increasing their income through work, to ask us for advice about the impact on their housing benefit so that they can make an informed decision.

Each year the Government provides money to local authorities for claimants whose housing benefit does not cover all of their rent and who are considered to be in need of additional financial help. The Government have increased the amount provided for discretionary payments from April 2013 to reflect the changes to the welfare system and a separate report has been prepared and a revised discretionary housing payment policy.

All claimants affected by the size criteria have been notified and their household circumstances have been checked to ensure the information held by benefits is still current. We have contacted all non L/A tenants by telephone and the results are detailed in the following table

Apply for a DHP	32
Move address	20
Move a lodger in	3
Will not be affected following information obtained during telephone call	26
Has an overnight carer	21
Would like budgeting advice	3
No answer	80
No contact details	45
Did not want to discuss it	10
Will pay the difference	15
Do not agree	2
Others	20

The benefit department have been allowed to share information of those affected with the relevant landlords and all tenants have also been contacted by their respective landlord offering further advice and guidance.

The housing department have contacted all those affected by post and included a questionnaire to determine what help and assistance they require. 249 responses were received and of those 205 wished to remain in their own home and 31 were interested in moving.

Housing are assisting LA tenants in a number of ways, whichever is appropriate to their specific circumstances. This could be by assisting people to apply for discretionary housing payment, discussing other ways they could increase their income and providing budgeting or debt advice. For those tenants who do wish to move help is available with home swapper applications.

Both benefits and housing continue to work closely with colleagues in Economic Development and the DWP to see how we can help LA tenants and other claimants affected by the changes into work. We also have close working relationships with other agencies such as the Citizens Advice Bureau, CWCDA and the Credit Union to provide services and assistance so that claimants are financially able either to remain in the current home or to move to a smaller property.

Housing strategy are working closely with registered social landlords to consider ways that under occupation can be tackled throughout the district by working in partnership.