



Welfare Reform

What does it mean?

North Warwickshire BC

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What is Housing and Council Tax Benefit (HB/CTB)?

- Housing Benefit (HB)
 - Financial provision for people on low income and benefits, to help towards their **rent** payments (private tenants, council tenants, housing associations)
 - Does NOT cover mortgage payments
- Council Tax Benefit (CTB)
 - Financial provision for people on low income and benefits, to help towards their council tax payments



Why change?

- Welfare system needs to be reformed and simplified
- Too expensive to continue in it's current form
- Help to reduce budget deficit
- A fairer system
- Improved work incentives

What's Already Happened..... 2011

Summary

- **Removal of £15.00 excess payment under current LHA rules**
 - New claims from April 2011
 - Anniversary date for existing claims - No transitional Protection
- **Carer's Room**
 - Allowing for an additional bedroom for carer's in relation to LHA rate
- **Cap on LHA Rates - Limited impact across Warwickshire**
 - New claims
 - £250 per week on one bedroom,
 - £340 for three bedrooms and
 - £400 on 4 bedroom + properties with removal of 5 Bedroom LHA rate
- **Increase in non-Dependent Deductions – Impact in NW – loss of 350k in 3 years**
 - From April 2011, there will be staged increases in the rates of Non Dependent deductions for income related benefits
 - Staged increases of ND deductions so that by 2014 rates will be at the level they would have been if uprated since – currently frozen at £7.40 per week at 1999 levels for non earners and more for working adults will increase dramatically in line with prices
- **LHA will be set at the 30th Percentile of rents in a BRMA**
 - New claims from April 2011
 - Existing claims from 9 months after anniversary date
 - Financial impacts
- **Increased DHP**
 - To help most vulnerable offset impact of the changes
 - Increase of DHP by £10m in 2011/12 and ongoing funding announced for future years
 - Will be insufficient to meet demand
 - Revised policies and guidelines likely to be adopted by all councils in time for April 2013

What's Coming.....2012 onwards

Summary

- **April 2012 – SRR for under 35 years – 19 claims in NW – average loss of about £40 pw in HB (only PRS)**
 - Shared Room Rate in LHA to be extended to all single claimants under 35 years instead of 25 years
- **April 2013 – Long-term jobless**
 - From April 2013, 10% Cut in HB for JSA claimants in both private and public sector housing where paid for 12 months or more until return to work for a period
- **April 2013 – Social Housing**
 - From April 2013, limiting HB for working age tenants so it only covers the size of property they are judged to need
 - 14% reduction in HB if one bedroom too many
 - 25% reduction in Hb if 2 or more bedrooms too many
 - NB: - size criteria now mirrors PRS LHA rules
- **April 2013 – CPI & LHA**
 - From April 2013, the 30% percentile LHA rates will be up-rated in line with the Consumer Price Index rather than the Retail Price Index (real net deductions of 1%)
- **April 2013 – Capping of Household Benefits** (for non-working households)
 - Household Welfare payments capped at £500 pw (£26,000 pa) for couples and lone parent households and £350 pw (£18,000 pa) for single adult households (average median earnings after tax)

What's Coming.....2012 onwards

Summary

- **April 2013 – Localised Council Tax Support replacing council Tax Benefit**
 - 10% saving on current forecasted spend with all pensioners protected
- **April 2013 delayed until April 2015**
 - Transfer of Fraud Investigation Service but requirement for ongoing local activity
- **April 2013 – Transfer of the Administration of Social fund and Crisis Loans from DWP to Upper Tier Councils**
 - Localised schemes to be developed
- **October 2013 (?) - Universal Credit**
 - It will bring together different forms of income-related support and provide a **simple, integrated, benefit for people in or out of work**
 - Processing of Housing Benefit transfers to JC+ colleagues and Pension Service
 - Direct Payments!!!
 - ALL benefit will be paid direct to the customer including the housing element (rent), 4 weekly in arrears



In More Detail.....

Under Occupation Tax - Social Sector Housing

- Introduced from April 2013 for new and existing working age Housing Benefit claimants living in the Social sector (Council Tenants and those renting from a Housing Association)
 - Agreed proposals are:
 - One bedroom for each person or couple living as part of the household with the following exception
 - Child aged 15 or under would be expected to share with one other child of the same gender
 - Child aged 9 or under would be expected to share with one child aged 9 or under, regardless of gender

Impact on NWBC Tenants

- 284 households affected
 - 80 will lose 25% of current HB award
 - ? number of HA tenants
- Average Rents
 - £70 to £100 pw dependent on property size
 - £10 to £25 pw less help dependent on property size
- Weekly loss estimated at £4,544 or nearly £250k pa in extra rent to collect
 - Choices are limited:
 - Stay put and find shortfall
 - Vacate and move to PRS – however PRS rents are on average a minimum of 20% higher and more in larger houses – no real option!
 - Seek a mutual exchange – as yet unknown how this will work
- Currently working on the extent of the problem and engaging with those tenants that are affected



Local Housing Allowance Changes

- LHA will be set at the 30th Percentile of rents in a BRMA
 - All new claims from April 2011 based on the new rules
 - Changes phased in after initial announcements for existing claimants who have all be impacted during 2012 based on the 9 month transition period expiring
- From April 2013 the 30th percentile LHA rate will be up-rated in line with the Consumer Price Index rather than the Retail Price Index (real net deductions of 1%)



Impact of LHA Changes

- 700 Private Tenant Households with main claimant losing between £6 to £8 per week since transitional protection ended
- Larger properties hardest hit – between £15 to £80 per week
- Impact only just being felt – too early to tell !
- Very few alternative options available other than to move to cheaper areas
- Limited Help Available

Benefit Cap - 1

- From April 2013 the Government will introduce a cap on the total amount of benefit that working age people can receive so that households on out of work benefits will no longer receive more in benefit than the average weekly wage earned by working households
- Decided by DWP but administered by the Local Authority as a cap to Housing Benefit!
- £500 per week for couple and lone parent households, £350 for a single adult households
- DWP contacting all those affected – initial letters issued – next round to be sent shortly

Benefit Cap - 2

- Cap will apply to the combined income from:
 - Out of work benefits (Jobseeker's Allowance, Income Support and Employment & Support Allowance, except where the Support component is in payment)
 - Housing Benefit
 - Child Benefit & Child Tax Credit
 - Universal Credit (From October 2013); and
 - Other Benefits such as Carer's Allowance and Maternity Allowance
- Cap will **not** apply when someone in the household:
 - Obtains work and becomes entitled to Working Tax Credit
 - Is in receipt of War Widows Pension, Disability Living Allowance, Attendance Allowance or support component of ESA
- 20 Households potentially impacted
 - Biggest Loser : £210 per week where the couple have eleven children



Council Tax Support Scheme – The Changes

- To be implemented from **1st April 2013.**
- Local Scheme to be devised by each Council or group of councils.
- Overall funding from central government to be reduced by 10% (subject to consultation which suggests cuts may be greater in real terms).

What we know about our NWBC Customers

- Currently around 5,100 customers who receive Council Tax Benefit
 - Pensioners – 62% of caseload
 - Working Age – 38% of caseload (or 1940 claims)

- Of these working age claims
 - passported customers – 60%
 - other customers - 40%



Other Associated Changes

○ Personal Independence Payments

- Major shift from DLA entitlement between 2013 – 2016
- No Automatic Transfer – all will be reassessed

○ ESA Changes

- Impacting from May 2012 – maximum period Contribution Based ESA limited to 365 days, No Youth Provision and Changes to Incapacity Benefits
- Requirement to undertake Work Related Activity after 14 weeks of ESA award

○ Social Fund / Crisis Loan Changes

- Requires localised schemes to be developed by April 2013 at 25% saving of previous spend – information only just released
- County Council function – possible shared delivery model or devolvement to districts – move away from telephone service ?



What does all this mean?

- More rent and council tax for the council to collect !!
- Likely Increase In Bad Debts and Write Off
- Identifying the Won't Pays From the Can't Pays
- Increased Costs to the Council in administration
- Greater Court and Bailiff Action
- The adoption and defending of avoidance and evasion tactics
- Increase in demand for debt advice – at a time of falling funding locally and nationally
- Inability to pay other bills – driving people to borrow or make difficult spending choices

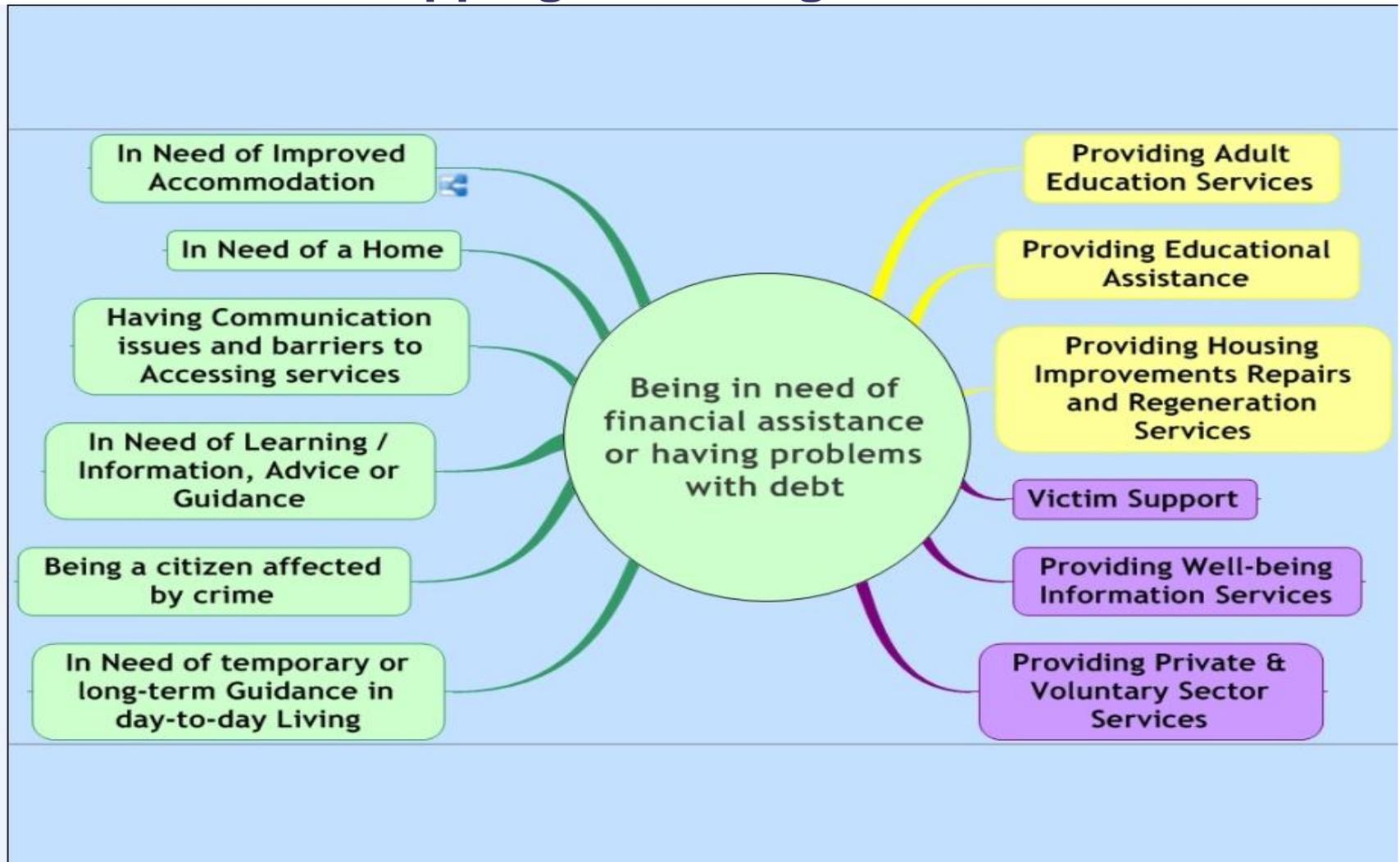


What does all this mean?

The wider impact of reform!

- Greater demand on homelessness and housing options (particularly temporary and b&b if considered intentionally homeless)
- Greater levels of overcrowding
- Landlords less willing to take benefit claimants
- Increased applications for DHP
- Greater concentration of tenants in cheaper, poorer quality housing
- Greater levels of overcrowding
- Landlords less willing to take benefit claimants
- Likely to increase the number of larger properties available to let but increase demand for smaller ones which may not be possible to meet
- Higher Demand for “non-existent” Social Housing from PR tenants
- Health and Wellbeing related issues – increase in alcohol and drug use / increase in mental health issues / increase in DV
- Education related issues – impact on a child’s achievement and attainment levels / child’s mental health and wellbeing / their happiness! / FSM need
- Likely increase in loan shark activity and ‘legal’ money lenders

Incident mapping across agencies



So What Support Can We Give ?

- Early and clear communication of the impact of changes
- Ongoing commitment to a multi agency approach to assist people with multiple needs find the correct solutions to problems
- The Front Line Workers Referral – making this business as normal
 - Currently developing a 'self referral' form to complement the 'Agency' referral form on-line
- Working ever closer with Debt Advice, Budgeting Support, Housing, Bailiffs and Credit Union, schools and Children's Centres
- A commitment to assisting people back into work
 - Promotion and support through the B.O.B Hubs network
 - Training and back to work support
 - Job clubs

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Future Campaigns.....

- Welfare Reform Action Project
- 'Drop-In' targeted sessions
 - Advice and support delivered over some 'soup and a roll'
 - Available in 4 weekly blocks at B.O.B hubs
 - 'Survival Kit' available with key information
 - Online referral process to relevant partner organisations
 - Pick up additional issues – health / job searching / training / debt etc etc
 - Delivered during Jan – March 13
 - Linking up the 3 themes of the NWCP



Welfare Reform Action Project
helping you to help yourself



Thank you for listening
Any Questions?

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