

**Welfare Reform  
Changes to  
Come**

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## Welfare Reform

- Save £20 billion on welfare benefits bill
- Simplify the benefits system
- Make work pay – better incentives
- Streamline in/out of work support
- Develop 'claimant commitment'
- Increase conditionality and sanctions
- Aimed at 'working age' claimants
- Better use of technology to reduce error

## Income Related Benefits

### **Incapacity Benefit/Income Support (in progress)**

- being replaced by ESA.

### **Income Support (in progress)**

- being phased out (JSA & ESA instead)

### **DLA (For working age people)**

- From June 2013 being replaced by PIP's  
(Personal Independence Payments – similar to the  
ESA change)

## Universal Credit (UC)

- New benefit for both in/out of work claimants
- Includes **housing costs**
- From October 2013 for new claims
- More conditionality & sanctions
- Some transitional protection for transferees
- Online claims – new computer system
- Paid monthly to claimant, including rent
- Will include Tax Credits
- Will keep 35p in £1 over earnings disregard
- Lose some existing premiums (e.g. disability/carer)

## Timetable for UC

- **April 2013** - Pathfinder area used to test UC.
- **October 2013 to April 2014** –

### **New Claims and Change of circumstances.**

If applying for - jobseekers allowance, employment support allowance, housing benefit, working tax credit or child tax credit.

- **April 2014** –

A claimant may be moved onto UC if it is considered that they will benefit from this – e.g. if on working tax credit and work a small number of hours a week but could work more hours with support from UC.

- **The end of 2015 - the end of 2017** – anyone else

## Other Changes

- Tax credit changes  
24 hour rule, reduced backdating/reduced childcare costs/change to disregards
- £50 benefit penalty from October 2012
- Change to appeal rights (April 2013)
- Abolition of legal aid for advocacy (April 2013)

Only 12% of cuts completed so far  
Further cuts (£10bn) to benefits are in the pipeline

### Shared Accommodation Rate (SAR) from January 2012

Affects single people aged between 25 – 34 living in property, other than shared accommodation

- Exemptions – MAPPA level 2, Severe Disability Premium, Hostel resident 3 months

#### Example

1 bed rate before the change £ 91.15 pwk  
After change will get SAR £ 58.00 pwk  
**Loss** £ 33.15 pwk

**Additional change from April 2012 –  
LHA Rate Frozen will now be an annual increase**

## CHANGES TO COME

- Council Tax Support
- Benefit capping
- Reductions to HB for social housing (The Bedroom Tax)
- Discretionary Housing Payments
- Welfare Assistance

### Council Tax Support

**Council Tax Benefit will be abolished from April 2013**

- Replaced with Council Tax Support
- 10% reduction (Loss of at least £3m for Leicester )
- Pensioners will be protected
- Biggest impact felt in working age population

Likely that most households will pay around £200 per year towards Council tax bill

**Consultation is in progress – have your say until 30<sup>th</sup> October 2012**

### Benefit Income Capping

April 2013

- Benefit income for working age benefit claimants will be restricted
- £500 pwk week for families/lone parents
- £350 pwk for singles.
- Any 'benefit income' above £500 will not be paid.
- Housing benefit is included in this but **NOT Council Tax Benefit** which will not be paid in the same way from April 2013.

Impact – The change will affect mainly families with 4+ children

### Benefit Income Capping continued

The DWP are providing LA's with the details of those claimants they think will be affected by this cap.

These claimants are being sent a letter from the DWP stating they are likely to be affected by the change. Direct.Gov web site have a telephone Helpline & online available for people to check if they will be affected by these changes:-

Helpline number 0845 6057044/ textphone 0845 6088551

On line:- [www.direct.gov.uk/benefitcap](http://www.direct.gov.uk/benefitcap).

The LA will also be contacting these customers before the change occurs.

### Benefit Income Capping continued

**Exemptions** will apply if the claimant is in receipt of .....

- Disabled Living Allowance/PIP/AA,
- War widow/widower,
- Support element of ESA (& UC when in) and
- Working Tax Credit.
- "Grace Period"

Cap not applied for 39 weeks for people who have worked continuously for previous 12 months and have lost their job through no fault of their own.

### HB Restriction – April 2013

This is being referred to as **The Bedroom Tax**

- Working Age customers in **social housing**  
(Housing Association and Local Authority Tenancies)

14% reduction for 1 extra bedroom\*  
25% reduction for 2 or more extra

This % amount is a reduction from the eligible rent then the HB award is calculated on the lower amount.

\*The room allowances are in line with LHA so it does not always mean there is a spare bedroom as some young children are required to share.

### Room Allowance

One bedroom for each of the following:

- a couple
- a person who is not a child (aged 16 and over)
- two children of the same sex
- two children who are under 10
- any other child,  
(other than a foster child or child whose main home is elsewhere).
- a carer (or group of carers) providing overnight care

### The Bedroom Tax - Exemptions

They are:-

- Where the claimant is of a qualifying pension age)
- The property is shared ownership
- Rental is non-mainstream e.g. mooring charges, caravan site rent
- Temporary Accommodation. (The claimant was placed in the accommodation as homeless)
- Supported "Exempt" accommodation

### Discretionary Housing Payment (DHP's) - Limited Budget to help meet housing costs

- Under the changes LA's are required to consider using the DHP pot to cover some of the Welfare reform changes
- The bedroom tax could affect entitlement to foster carers and claimants where their accommodation has had significant alterations carried out due to their disabilities.

In these circumstances DHP payment will need to be considered to help make up some/all of the shortfall – again each case will be assessed on its own merits.

### Welfare Assistance 2013

- **Community Care grants and other Crisis loans will be abolished, a new award will be paid out by Local Authorities, instead of the DWP.**
- Will be a grant
- Administered at the discretion of the LA
- Nationally £178m to distribute
- It will be local schemes but funding will not be ring-fenced
- LA's will use existing powers to administer payments

Currently the R&B Service are leading the project to implement this change.

### What help is available?

- Revenues & Benefits (R&B) Service  
Telephone 0116 252 7006  
On Line  
[www.leicester.gov.uk/housingbenefits](http://www.leicester.gov.uk/housingbenefits)  
In person  
Wellington House, 22-32 Wellington Street
- Money Advice Service ("MA" appointments available via R&B service, telephone number as above )

**What help is available?**

- Customer Service Centres
- Housing Options\*
  - \*LCC is reviewing the homelessness policy
  - \*LCC is reviewing the allocations policy
- Welfare Rights Service