

## Welfare Reform in Leicester

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## Background

- A Government change – no choice – royal assent 8.3.12 now law.
- Affects those predominately of working age (ie up to pension credit age – roughly 62yrs)
- Government aim to get people back into work and change culture of dependency.
- Work and pensions budget largest, more than entire NHS and twice that of education. (18 billion savings by 2015)

## Background (cont.)

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

## Overview - Main Changes

- Council Tax
- Benefit Capping
- Social Sector Size Criteria 'Bedroom Tax'
- Discretionary Housing Payments
- Welfare Assistance
- Universal Credit
- Position in Leicester
- What are we doing?

## Council Tax Reduction Scheme

April 2013

- Replaces Council Tax Benefit from April 2013
- Each LA to achieve 10% savings on current spend
- Fixed budget for 2 Years
- Local Scheme agreed by Exec January 2013
- LCC prioritises where support goes
- Pensioners to be protected
- Working Age customers most affected
- All affected will have some Council Tax to pay – about £ 200 per year for most

## Benefit Capping

(Summer-September 2013)

- Income limited to £ 500 per week for families
- £ 350 per week for singles
- Working Age claimants only
- Exemptions for: WTC; DLA; PIP; ESA (support element); industrial injuries; attendance allowance; war widows/widowers
- Lose between 50p-£50 (53%)
- Lose above £50 – 50p HB awarded (passported benefit)
- Only affects Housing related benefits (at present)

## Under-occupation (SSSC) 'Bedroom Tax' (April 2013)

- 1 bedroom surplus to needs – lose 14% HB (about £12 per week)
- 2+ bedrooms surplus – lose 25% HB (about £22 per week)
- Working Age tenants only
- Exemptions for: mooring charges; mobile homes/caravan sites; some temporary accommodation.
- 39 weeks 'grace,' if worked >12 months then lose job through no fault of their own.

## Example of what it will cost tenants who under occupy

Weekly Rent	1 Spare Bedroom	2 + spare bedrooms
£65	£9.20	£16.25
£70	£9.80	£17.50
£75	£10.50	£18.75
£80	£11.20	£20.00
£85	£11.90	£21.25
£90	£12.60	£22.50
£100	£13.30	£23.75
£110	£15.40	£27.50
£120	£16.80	£30.00

## 'Bedroom Tax'

14% less for 1 bed (about £12 per week)  
25% less for 2 bed plus (About £22 per week)

- Based on LHA - One bedroom each allowed for:**
  - Claimant (& partner)
  - Any 2 children <10 years regardless of gender
  - Any 2 children of same sex <16 years
  - Any child >16 years
  - Any other child (accept foster children who are NOT considered)
  - Non-dependants
  - A carer (or group of carers) providing over night support.

## Discretionary Housing Payments

(Additional Housing Benefit)

- Increased allocation across the country
- Leicester's policy aims to support families and disabled to remain in their homes while they seek alternative cheaper accommodation
- Cannot support everyone affected by the Welfare reform changes
  - eg.. Shared Acc Rate would cost £41K a week
  - Benefit capping would cost £72K a week
- Reviewing DHP Policy.
- Foster Carers – provision between placements
- Use it or lose it fund.

## Welfare Assistance

April 2013

- Will be in the form of a grant to LAs
- Nationally £178m to distribute
- Administered at the discretion of the LA
- Community Care grants and other Crisis loans will be abolished.
- 1.7m (estimated grant) for Leicester.
- New claim route to be developed
  - Food Parcels, furniture packs etc. not necessarily a cash payment.
- New policy to be written

## Universal Credit

October 2013

- Affects working age only initially
- Pensioners from April 2015
- Replaces:**
  - Income Support
  - Job seekers Allowance
  - ESA
  - Housing Benefit
  - Tax Credits

## Universal Credit continued...

- No front facing service
- On line claims
- Telephony based support
- Direct monthly payments in arrears

## Universal Credit & HB

- Majority of HB payments will go to the claimant and **not the landlord**
- Only 20% of payments in the social sector housing claimants will be paid direct to landlord through the 'default exception scheme'
- One single monthly payment in arrears.
- Households could get £2000+ to cover, food, living expenses, rent, child care etc.
- Third party payment will be catered for ( Power of Attorney etc.)
- To evaluate the effect there are 6 pilot sites around the country trialling direct payments

## Universal Credit Timetable

- Main UC regulations still to be published.
- **April 2013** - Pathfinder area used to test UC.
- **October 2013 and 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** - You may be moved onto UC if it is considered that you will benefit from this - e.g. if you are 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** - If you have not been moved onto UC already you will be moved during this time.

## Position in Leicester

- **Approximately:**
- 68% of LCC tenants in receipt of benefits
- 39% of LCC tenants in receipt of full HB
- 9478 LCC tenants will be affected in some way.
  - 2718 LCC tenants will have less of both council tax benefit and HB
- 7482 RSL tenants in receipt of benefits
- 6422 RSL tenants in receipt of full HB

## Position in Leicester

**Benefit Cap - Total Affected = 411**  
(Data as at September 2012)

- LCC - 151  
(as far as we know none of these are also affected by the bedroom tax).
- HomeCome - 17
- RSL - 3
- Private Sector - 240

## Position in Leicester

**Bedroom Tax - Total Affected = 4117**  
(Data as at January 2013)

- **Approximately**
- **LCC - 2,803 affected**
  - 2124 with 1 bed surplus,
  - 654 with 2 bed surplus,
  - 20 with 3 bed surplus,
  - 4 with 4 bed surplus,
  - 1 with 5 bed surplus.
- 15 are adapted (11 by 1 bed 4 by 2 bed from a stock of 623 known adapted properties - 588 partial and 35 full).
- 294 currently on register.
- **Approximately**
- **RSLs - 1314 affected**
  - 1069 with 1 bed surplus,
  - 219 with 2 bed surplus,
  - 21 with 3 bed surplus,
  - 4 with 4 bed surplus,
  - 1 with 5 bed surplus.

## Bed Tax - Ward Breakdown

(Data as of Sept 2012)

WARDS	1	2	3	4	5	Grand Total
Abbey	187	37				224
Aylestone	43	10				53
Beaumont Leys	150	45	1	1		197
Belgrave	10	3				13
Blaystone Park & Rowley Fields	244	128	4			376
Castle	9	3				12
Charnwood	119	53	1			173
Coleman	47	13				60
Exington	17	11	2			30
Eyes Mansell	188	42				230
Fosse	15	4				19
Freemen	180	71	1	1	1	254
Humberstone & Hamilton	83	13				96
Knighon	1	1				2
Lattimer	24	6				30
New Parks	332	112	4			448
Ruthey Mead	7	3				10
Spinney Hills	149	18	1			168
Stoneygate	22	7				29
Thurnscott	44	18				62
Westcocks	16	1				17
Western Park	3	1				4
Grand Total	1950	600	14	2	1	2547

## Comparison of those LCC Under Occupied V those Overcrowded

No. Rooms Bedroom Shortfall	Excess & Under Occupying (Jan 2013 Data)	Overcrowded (October 2012 Data)
1	2124	2046
2	654	700
3	20	163
4	4	66
5	1	8
6	-	1
	2803	2984

In an ideal world match the two, if all moved regardless of area, there would still be 181 households who will remain overcrowded.

## Allocations Policy Changes

- The following changes have been agreed to the allocations policy to bring in line with the welfare reform act:
  - Bedroom eligibility (adopting the 10yr and 16yr LHA)
  - Access to children (TBC)
  - Families with 2 children (as per eligibility)
  - Expectant families (1 bed until baby born)
  - Access & Health Assessment for Additional Bedrooms
  - Under occupation (priority on housing register)
    - 4 bed plus u/o - band 1
    - 2 bed u/o - band 1
    - 3 bed u/o by 2 bed - band 1
    - 3 bed u/c by 1 bed - band 2
- Implementation 5<sup>th</sup> March 2013.

## Potential Options for those Affected.

- Stay and make up the shortfall in their rent**
  - Pay more rent to credit rent account
  - Try to find work or increase their hours
  - Ask other adults living with you to contribute to housing costs
  - Take in a lodger or another family member
  - Discretionary Housing Payment
- Assistance with a move to a smaller property**
  - Mutual exchange (& HomeSwapper)
  - Move through the housing register via Leicester HomeChoice (EasyMove)
  - Private Sector

## Challenges

- Affordability – issues for tenants / applicants (rent arrears/increased collection costs)
- Pressure on existing services
  - Increase in voids & associated costs
  - Higher demand for Advice/budgeting
  - Increase in applications to housing register/presentations to homelessness
- Scarce resources need to be managed ie. lack of property types required.

## What are we doing? Housing Project team set up in September 2012

- Communication Strategy and Action plan
  - Initial Staff Awareness Overview Training Completed Oct/Nov 2012 (294 housing staff trained)
  - Customer Targeted letter drops – w/c 5/11/12 & w/c 3.12.12
  - Advice Surgeries held– w/c 19/11/12
  - Home Visits commenced w/c 7.1.13
  - E Learning Module launched corporately – overview of changes for staff
  - More training for staff and advice surgeries to come working with our partners in Revenue and Benefits

## What are we doing?

- Data collection and Mapping Completed
- Work with our partners ie. RSLs.
- Work with financial institutions such as credit unions – development of Credit Union Budgeting Accounts (CUBAs)
- Identify policies and procedures that need reviewing.
  - Allocations Policy
  - Property re-classification
  - Rent Arrears
  - Recharge Policy application
  - Mutual Exchanges
  - EasyMove
- RSLs carrying out their own impact analysis and customer contact.

## HELP!

● Welfare Rights Service	256 8211
● Community Legal Advice Centre	242 7620
● Revenues & Benefits	252 7006
● Income Mgt. Team	252 7007
● Mosaic (disabled people)	231 8720
● SAFFA (ex-Forces & Families)	261 6590
● Age UK (over 50's)	299 2233
● Highfields Community Centre	253 1053
● Community Advice & Law Service	242 1120
● Race Equality Centre (Refugees/Asylum)	299 9807
● Shelter Housing Aid & Research	254 6064
● Housing Options	252 7008

## Important Messages

- This is a Government change of policy which is now law.
- Act now – do not ignore what this may mean to you.
- Talk to your landlord.

## Questions and Answers

Thank You