



Welfare Reform County Newsletter



Further information about the
Government Welfare Reforms
can be found at
www.dwp.gov.uk/policy/welfare-reform

Introduction

Welcome to the first edition of the Welfare Reform County Newsletter focussing on the changes that are being introduced through welfare reform.

The Government's Welfare Reform Bill brings with it some of the biggest changes to the welfare system in more than 60 years. The key changes are: -

- the abolition of the National Council Tax Benefit scheme. This is being replaced with a Local Council Tax Reduction scheme from April 2013
- a reduction in Housing Benefit from April 2013 for working age tenants in the social rented sector whose accommodation is larger than they need
- a cap on the total amount of out-of-work benefit that can be paid to a household. This applies from April 2013
- linking Local Housing Allowance rates to the Consumer Price Index (CPI) each April instead of annual assessments being based on market rent levels. This starts in April 2013
- the introduction of the single Universal Credit from October 2013.

Social Sector – Under Occupation (bedroom tax)

From April 2013 Housing Benefit for working age customers living in social housing will see the amount of benefit they receive reduce if they are in a house that is too big for their needs. This will be done by introducing new size criteria to ensure that the level of support matches the level of need. Pensioner households are not affected by this change.

The size criteria in the social rented sector will replicate the size criteria that already apply to Housing Benefit households in the private rented sector. The size criteria allows one bedroom for: -

- A single adult or couple
- Every two children under the age of 10 or
- Two children of the same gender under 16
- Each child over 10 if they are different genders
- A disabled claimant or partner who needs a non-resident overnight carer

Housing Benefit will be cut by reducing the maximum eligible rent by a standard percentage. This is expected to be 14% if under-occupying by 1 bedroom, and 25% if the household under occupies by two or more bedrooms.

At present in the County of Lincolnshire 7,673 working age housing association tenants receive help towards their rent payments. Our current records do not show the number of bedrooms present in each property as this has not previously been needed to determine Housing Benefit entitlement.

Preparation for the change

The central point of contact for these changes is Claire Harvey from Boston Borough Council. An email has been sent to all housing associations that have properties within Lincolnshire advising of the partnership working and the requirement to establish liaison. If you have not established liaison contact yet with Claire, you can email her at claire.harvey@boston.gov.uk.

Once each local authority is ready to receive bedroom information from you Claire will send an email requesting the information that is required. It is expected that we will be requesting this information between October and December. If you haven't had a request for this information by the end of December please contact Claire directly.

Once the information has been provided by the housing associations we will ensure that those households who are affected by the change are given advice on the action they may take ahead of the restriction which will come into effect from April 2013. We aim to give those households affected as much notice as possible.

We will also issue you with a list from each local authority showing you each person affected by the change, and how much they will be affected by (per week reduction).

Nationally the Government expects this change to affect an estimated 670,000 households, which is equivalent to 32% of all

working age Housing Benefit customers living in social housing.

The Government has said it does not expect large numbers of people to move and are looking to landlords and other agencies to provide support to households to deal with this change. This will mainly be the provision of advice on making up the shortfall in rent through other means such as moving in to work, increasing the number of hours worked, taking in a lodger (where the landlord permits this) and in budgeting advice.

Households facing such shortfalls may also be considered for a Discretionary Housing Payment in the same way as tenants in the private rented sector currently do. However these payments are cash limited and designed to assist in the short term only, giving the customer time to find a suitable housing solution.

This change is expected to stem overall Housing Benefit expenditure, encourage mobility within the social rented sector, strengthen work-incentives and facilitate better use of available social housing.

A detailed impact assessment of this change can be found at: www.parliament.uk/documents/impactassessments/IA11-022AW.pdf

Household benefit cap

From April 2013 the Government will introduce a cap on the total amount of benefit that working-age households can receive so that no household on out of work benefits will receive more in benefit than the average weekly wage (after tax) earned by working households.

It is designed to improve work incentives and send a clear message that the welfare benefit system is not intended to keep people in long term worklessness by providing more in benefit than the average household earnings.

The 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 and Child Tax Credit
- Universal Credit (from October 2013) and
- Other benefits such as Carer's Allowance and Maternity Allowance.

One-off payments, such as Social Fund Loans and non-cash benefits, for example Free School Meals, will not be included in the assessment of benefit income. Council Tax Benefit (and its local replacement) and payments for child care costs will also be excluded.

The cap will not apply where someone in the household:

- Obtains work and becomes entitled to Working Tax Credit or

- Is in receipt of War Widows or Widowers, Disability Living Allowance (Personal Independence Payment from April 2013), Attendance Allowance, Constant Attendance Allowance or the support component of Employment Support Allowance.

In the first instance, the cap will be administered jointly by DWP and Councils through deductions from Housing Benefit payments. In the longer term it will form part of the new Universal Credit system.

It is expected the cap will be set at £350 a week for single adults and £500 a week for couples and lone parents.

Data scans have been undertaken by the Department for Work and Pensions and have provided details of those customers who will be affected by the cap. For Lincolnshire, this totals 214.

Between 20 September and 05 October 2012, the DWP will be writing to the households that may be affected by this change, and have set up a helpline to provide further advice to those households.

Each local authority will also be writing to the affected person offering them help and advice. The local authority will also be able to share this information with the Housing Association.

A Benefit cap factsheet can also be found on the DWP website at www.dwp.gov.uk/docs/benefit-capfactsheet.pdf

Universal credit

Universal Credit (UC) is the cornerstone of the Government's welfare reform agenda. Universal Credit aims to simplify the benefits system by bringing together a range of working-age benefits into a single streamlined payment.

The new Universal Credit aims to:

- Simplify the system, making it easier for people to understand, and easier and cheaper to administer;
- Improve work incentives
- Smooth the transition into and out of work
- Reduce "in work" poverty
- Cut back fraud and error

Some key facts:

- Working age customers will get help with rent payments through UC rather than Housing Benefit
- New claims for Housing Benefit from customers who are out of work will move to UC from October 2013
- New claims for Housing Benefit from customers who are working will move to UC from April 2014
- Existing customers in receipt of Housing Benefit will move to UC between April 2014 and October 2017
- From October 2014 pensioners will get help with rent payments through a new element of Pension Credit
- Claims for UC will mainly be made via the Internet and the DWP expects that most subsequent contact will also be conducted online

- Both members of a couple will be expected to claim UC and the youngest partner will determine working age or pension age status
- Earnings data to be supplied by all employers to HMRC monthly which will link to UC to keep award levels up to date
- Payment will be made direct to customer's calendar monthly in arrears.

The introduction and migration to UC will be the most significant change to the welfare system ever seen.

The following statistics for Lincolnshire provide an indication of the size of the task transferring the administration of help for housing costs to the DWP over the next few years represents:

- More than 57,664 customers in receipt of Housing Benefit at any one time
- More than 42,338 new claims each year
- Approximately 257,385 changes in circumstance processed each year
- More than 73,167 visitors to our offices
- More than 205,921 telephone calls made to our offices
- Approximately 12,759 Housing Benefit payments currently made direct to landlords
- Approximately £178million paid in Housing Benefit annually

Council tax support - Key facts

The current national system of 'Council Tax Benefit' will officially end on 31st March 2013 as a result of the Welfare Reform Act and be replaced by a local Council Tax Support scheme. Pensioners are protected nationally from the impact of this change.

Under the current system all local authorities within Lincolnshire are reimbursed in full by Central Government for all correctly made Council Tax Benefit awards. From April 2013 the full funding from Government will be replaced with a fixed annual grant to the local authorities and the other major precepting authorities (Lincolnshire County Council and the Police Authority).

It is also Government's intention to reduce the current level of spending on Council Tax Benefit nationally by 10%. It will do this through a reduction in the fixed annual grant paid to the local authorities and major precepting authorities.

The changes to the support scheme and reduced funding places a new financial burden on the local authorities and the major precepting authorities.

The Lincolnshire authorities have been designing a local scheme over the last 5 months. As part of the process each local authority has consulted with the major precepting authorities. Public consultation with those affected will take place once proposed schemes have been agreed by Cabinet Members / Executive board for each authority. Consultation start dates are as follows: -

- South Kesteven District Council – 10th September to 04th November 2012
- Boston Borough Council – 13th September to 08th November 2012
- East Lindsey District Council – 14th September to 19th November 2012
- South Holland District Council – 14th September to 16th November 2012

- City of Lincoln Council – 01st October to 30th November 2012
- North Kesteven District Council – 01st October to 30th November 2012
- West Lindsey District Council – 12th October to 12th December 2012

Each scheme will be available on the individual local authority website from the start of consultation.

The response to this consultation will be reviewed and used to inform the final local scheme design for each authority. Each authority will also carry out equality impact assessments relevant to the scheme design proposals.

Each local authority are making changes or are proposing to make changes to Class A and C exemptions. The document on the next page shows the changes each authority is proposing to make.

Proposed council tax discounts – from April 2013

	Second homes	Class A*	Class C**	Long term empty	Empty over 2 years
Definition	Property not in full-time occupation and occupier lives elsewhere	Empty property undergoing alterations to make it habitable	Empty property for less than six months	Property empty for more than 6 months but less than 2 years	Empty property for more than 2 years
Current discount/exemption	Maximum discount 50% but reduced across Lincolnshire to 10%. Liability is 90%	Mandatory 100% exemption for up to 12 months while undergoing alterations	Mandatory 100% exemption for 6 months	Discretionary 50% discount permitted	Discretionary 50% discount permitted
Proposals					
Boston	No change	75% Liability. 25% discount for 12 months	100% discount for 1 month. Liability 100% with 0% discount after 1 month	100% Liability 0% discount	Introduce a 150% liability after 2 years of being empty
East Lindsey	No change	75% Liability. 25% discount for 12 months	100% discount for 1 month. Liability 100%	100% Liability	Introduce a 150% liability after 2 years of being empty
Lincoln	No change	75% Liability. 25% discount for 12 months	100% discount for 2 months. Liability 100% with 0% discount after 2 months	Liability 100% 0% discount	Introduce a 150% liability after 2 years of being empty
North Kesteven	No change	75% Liability. 25% discount for 12 months	100% discount for 2 months. Liability 75% with 25% discount after 2 months	75% Liability 25% discount	Introduce a 150% liability after 2 years of being empty
South Kesteven	No change	75% Liability. 25% discount for 12 months	100% discount for 1 month. Liability 75% with a 25% discount after 1	75% Liability 25% discount	Introduce a 150% liability after 2 years of being empty
South Holland	No change	75% Liability. 25% discount for 12 months	100% discount for 1 month. Liability 100%	100% Liability	Introduce a 150% liability after 2 years of being empty
West Lindsey	No change	75% Liability. 25% discount for 12 months	100% discount for 2 months. Liability 100%	100% Liability	Introduce a 150% liability after 2 years of being empty

Summary of Housing Benefit and Council Tax Benefit Changes

Below sets out a summary of changes starting from January 2012 and continuing through to October 2017

Date	Change	Impact	Analysis
January 2012	<p>Local Housing Allowance – single room rent restriction for single people (not lone parents) under 25 extended to people ages under 35.</p> <p>This measure will save £215 million a year by 2014/15</p>	<p>Extends restriction for single people in private sector tenancies.</p> <p>Some exemptions apply</p>	<p>Approximately 15,853 households affected in Lincolnshire and are being supported through change with housing advice / support and Discretionary Housing Payments</p>
April 2013	<p>Rent restriction for working age households living in social housing if deemed to be under-occupying</p>	<p>Applied to 'working age' households. If a household is in a larger home that then are deemed to need, benefit will reduce, causing a shortfall in rent. May lead to an increase in rent arrears</p>	<p>Estimated 670,000 of households affected nationally with average loss of £13 per week.</p> <p>Estimated households affected for Lincolnshire unknown at the moment</p>
	<p>Housing Benefit to be used to apply a cap on total benefits income (unless on exempt incomes). Level of cap is £350 per week for single person and £500 per week for all other claimants</p>	<p>Will reduce level of Housing Benefit award where total income is above the cap.</p> <p>Will later be applied to Universal Credit award</p>	<p>Likely to affect 214 households in Lincolnshire.</p> <p>Exemption from cap if income is from the exempt list.</p> <p>Designed to encourage move into work</p>
	<p>Local Housing Allowance rates up-rated in line with the consumer price index (CPI) not average market rents.</p> <p>This measure will save £290 million by 2014/15</p>	<p>Housing Benefit will no longer be based on actual market rents. Also worth noting that the CPI does not take into account housing costs</p>	<p>Shortfalls in rent could lead to increased rent arrears.</p> <p>Will need to be made up from family income</p>

Date	Change	Impact	Analysis
	<p>Handover of responsibility for Council Tax Benefit schemes to local authorities with a 10% reduction in funding.</p> <p>This measure will save £490 million by 2014/15</p>	<p>Scheme design not yet known for all authorities.</p> <p>May result in some reduction in level of support provided to working age recipients of Council Tax Benefit</p>	<p>Public consultation on proposed schemes will take place during September to December 2012 for all authorities within Lincolnshire</p>
October 2013	<p>Proposal to merge a number of benefits and tax credits into a single Universal Credit:</p> <ul style="list-style-type: none"> ● New claims from October 2013 ● Migration to UC by October 2017 with transitional protection ● Payments made monthly in arrears to household ● Includes amounts for rent or mortgage interest ● A single 65% taper as people earn, with disregards e.g. lone parents and those with disabilities, to encourage a few hours work. 	<p>Aims to reduce barriers for people moving in to work and complex interactions between in work and out of work benefits.</p> <p>Increases the amount of earnings people keep in relation to reduction in benefits.</p> <p>Government promise that those in work will always be better off than on benefits creating a real work incentive.</p> <p>Households will receive one single payment each month rather than multiple payments from different agencies</p> <p>Recipient responsible for paying rent to landlord.</p>	<p>Idea widely seen as having potential, but some real challenges especially around transition, administration and housing costs.</p> <p>Households may need support in managing a monthly budget.</p> <p>Some protection for payment of housing cost support direct to landlord where criteria met.</p>

Our approach to the changes

We aim to minimise impact on our residents from the major changes to housing and council tax benefits proposed by the Government by providing up to date information, advice, guidance and support.

We will write directly to those households affected by a particular change as soon as we are able, to give as much notice as possible for people to prepare for the change.

We will work with our partners to ensure we have a joined up approach to the preparation and implementation of the changes.

We will aim to provide short-term financial support through Discretionary Housing Payments where customers can show they have taken all reasonable steps to minimise the effect of the changes themselves. However, we have a cash limited budget for this.

It is the Government's long term aim that claims for Universal Credit will be made online, and is part of their wider proposals

to make access to public services 'Digital by default'. We are currently looking at ways in which the local authorities can support residents in making the change to 'doing things online'.

During the next few months we will be working on a series of measures that include:

- Practical support for those who would like to be able to claim on-line but do not have internet access at home, or who need help filling the form in on-line
- Signposting to those who can help families and individuals with budgeting
- Looking at how we can work with the Department for Work and Pensions in the delivery of the new Universal Credit locally
- Improved information and signposting on our website to advice and support

Our aim is to do all that we can to help our residents through this period.

Other formats

We can provide this information in other languages and formats for example, in large print, in Braille, or on CD or audio cassette.

Please phone 01205 314200.

Published by Boston Borough Council on behalf of the seven District Councils in Lincolnshire

The contact details for all the District Councils follow below:

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