

Landlords Forum 26 January 2011

Discussion group – Housing Benefit and Non-Dependant Deductions

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These notes take the form of the questions that were asked during the discussion period

Q – What are Non-Dependants?

A Non-Dependant (ND) is a person over 18 who is self-sufficient and is living in the home of a Housing Benefit claimant. The government aims to ensure that adults living in a Housing Benefit claimant's home make a reasonable contribution towards their household costs, and so the claimant's benefit will be subject to a Non-Dependant Deduction (NDD). The ND is expected to pay at least this amount to the claimant.

The amount of the deduction made is dependant on the status of the ND. However there are some situations where deductions are not made even though there is a ND in the household. The most common examples of these are as follows:

- 18-24 year olds in receipt of IS, JSA (IR), ESA assessment phase (IR)
- Under 18 year olds
- 18/19 for whom Child Benefit is payable (usually these are full time students)
- Full time students unless they are also working 16 hrs or more.
- People in receipt of Pension Credit

There are a few more instances where is no deduction made for non dependants – these are listed in the handout.

Deductions are calculated in relation to the income of the ND. Therefore it is vital that claimants submit proof of the ND's income; if not HB will make the maximum deduction (currently £47.75 per week) which could easily cause the tenant to fall into rent arrears.

Deductions are in bandwidths set over six income brackets shown on the handout given. An example would be the deduction of £7.40 made for some NDs on benefits, such as over 25's on IS, ESA or JSA.

In June 2010 the Chancellor announced rates of NDDs will increase over the next 3 years. The rates will increase in stages in each bandwidth from April 2011. The Government see this as necessary as rates haven't risen since 2001. Examples of some of the increases which have been predicted are as follows: Lowest deduction is increased from £7.40 to £10.90 and the highest from £47.75 to £67.68.

Landlords can assist their tenants with the changes to HB. If you are aware NDDs will be made suggest to your tenant that they could set up a Direct Debit to cover the shortfall.,

Make sure your tenants submit relevant information, especially that they notify any changes of circumstances as promptly as they can.

Q – Do you know which of your tenants have non-dependants living with them and how they will be affected?

Examples were presented and discussed.

Family Composition: Mr and Mrs Smith have a 7yr old daughter named Jen and 19yr old son named Mark. Mark currently earns £150pw gross:

- What NDD will be taken pre-April '11? – answer £17 per week
- What NDD will be taken post-April '11? – answer £21.55 per week

Mark is now unemployed and is claiming JSA:

- How much if any NDD will be taken? – answer - nil

The family undergo further change in their circumstances. Mark becomes a professional footballer, earning £100kpw. Mr Smith loses his eyesight and is now registered blind. Mrs Smith falls downstairs and gets DLA care component at the higher rate. The family did not report their change in circumstances because they thought it would affect their claim and they would end up paying more. However, had they notified HB of the changes they would have the deduction removed as the parents' change of circumstances would exempt them from non dependant deductions being applied. The example illustrated why it is vital that a change of circumstances are reported.

Q – What are the ways issues can be resolved?

Give regular statements so tenants have evidence of any arrears

Encourage them to contact customer services/housing advice about the problem.

Talk to them about paying the shortfall even if the non-dependant refuses to pay

Be aware of their circumstances and let them know of changes taking place, encourage them to set up standing orders.

The Housing Advice service can also help to resolve issues and support landlords

Q – How will the council deal with the non-English speaking tenants who will receive a letter from Housing Benefits in English and will not be able to read or understand?

Although housing benefit leaflets are available in the most widely spoken community languages (Turkish and Somalian), letters are not translated as a matter of course. However most tenants will recognise an official letter and have a member of the family/friend who can translate this for them. If they come into customer services translators can be made available. We will do everything possible to ensure tenants are provided with the correct information as we want to ensure that tenancies can be sustained.

Tenants coming through the Home Finder Scheme will understand about the changes as this will be explained to them by the private sector lettings team.

Q – How many tenants are in receipt of full Housing Benefits and or partial Housing Benefits?

Around 20% of HB claimants nationally are in receipt of Job Seekers Allowance whilst 26% work. The remainder are in receipt of disability benefits, pensions etc, so it is clear that a significant number of claimants already have a shortfall between the benefit they receive and their rent and have to make up the difference.

One of the landlords recognised that there were a lot of changes for landlords but equally a lot of work to be done by the council