Welfare Reform Changes

February 2013 update
Haringey Landlords Forum
Jim Brady
Benefits and Local Taxation Manager
Local Housing Allowance

- Protection ended 31 December 2012
- All claimants on the 30th Percentile LHA rate – under 35s restricted to the shared rate
- LHA Rates to be up-rated every April in line with the Consumer Price Index (CPI)
- Anniversary Dates abolished from 1 January 13
- ‘Maximum cap’ amounts no longer apply and changes in rent can be taken into account from 1 April 13
Child Benefit Restriction

- Applied from 7 January 2013
- Affects Taxpayers earning over £50,000 a year – can choose to continue or stop receiving Child Benefit
- ‘High Income Child Benefit charge’ applies to those with income between £50,000 - £60,000 who continue to receive Child Benefit
- No Child Benefit due for Taxpayers earning over £60,000 a year (high income charge is equal to Child Benefit amount)
Benefit Cap

- Starts 15 April 2013 – phased roll-out beginning in Haringey, Enfield, Bromley and Croydon – national roll-out expected ‘by the end of September 13’
- Only affects Working Age claimants in receipt of Housing Benefit (HB) – currently the cap is only applied to HB awards
- Around 1000 claims potentially affected in Haringey
- Some limited exemptions such as entitlement to Working Tax Credit or receipt of Disability Living Allowance or Employment Support Allowance (Support Component)
- No single, non-exempt HB claimant to receive more than £350 per week of state benefits
- No other, non-exempt HB claimant to receive more than £500 per week of state benefits
- Minimum level of HB of 50p available in order to allow for Discretionary Housing Payment (DHP) to be claimed
- Some protection for recently unemployed claimants (subject to specific criteria including length of time in work and number of hours worked)
CAP Example 1 – Mrs A

- Single Parent aged 35 - 8 dependent children and 1 non dependant
- 5 bedroom privately rented property

<table>
<thead>
<tr>
<th>Income Support:</th>
<th>£ 71.00</th>
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<tbody>
<tr>
<td>Child Tax Credit:</td>
<td>£ 483.11</td>
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<tr>
<td>Child Benefit:</td>
<td>£114.10 (£20.30 + 7 x £13.40)</td>
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<tr>
<td>Housing Benefit:</td>
<td>£ 360.00</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>£ 1028.30</strong></td>
</tr>
</tbody>
</table>

- **Cap Amount:** £ 500.00
- **Amount above Cap:** £ 528.30
- **Housing Benefit payable:** £ 360.00 - £ 528.30 = Nothing - so 0.50p awarded
**CAP Example 2 – Mr B**

- Couple aged 43 and 39 - 6 dependent children – 4 bedroom privately rented property

<table>
<thead>
<tr>
<th>Benefit Type</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Child Tax Credit</td>
<td>£ 322.21</td>
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<tr>
<td>Child Benefit</td>
<td>£ 87.30 (£20.30 + 5 x £13.40)</td>
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<tr>
<td>Housing Benefit</td>
<td>£ 369.23</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>£ 778.74</strong></td>
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</tbody>
</table>

- **Cap Amount:** £ 500.00
- **Amount above Cap:** £ 278.74
- **Housing Benefit payable:** £ 369.23 - £ 278.74 = £ 90.49
**CAP Example 3 – Mr C**

- Couple aged 33 and 34 - 3 dependent children – 3 bed privately rented property

<table>
<thead>
<tr>
<th>Benefit Type</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Employment Support Allowance:</td>
<td>£111.45</td>
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<tr>
<td>Child Tax Credit:</td>
<td>£162.63</td>
</tr>
<tr>
<td>Child Benefit:</td>
<td>£47.10 (£20.30 + 2 x £13.40)</td>
</tr>
<tr>
<td>Housing Benefit:</td>
<td>£300.00</td>
</tr>
<tr>
<td><strong>Total</strong>:</td>
<td><strong>£621.18</strong></td>
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</tbody>
</table>

- **Cap Amount:** £500.00

- **Amount above Cap:** £121.18

- **Housing Benefit payable:** £300.00 - £121.18 = £178.82
CAP Example 4 – Mrs D

- Couple aged 49 and 48 - 3 dependent children

<table>
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<tr>
<th>Benefit</th>
<th>Amount</th>
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<tbody>
<tr>
<td>JobSeekers Allowance:</td>
<td>£111.45</td>
</tr>
<tr>
<td>Child Tax Credit:</td>
<td>£162.44</td>
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<tr>
<td>Child Benefit:</td>
<td>£47.10 (£20.30 + 2 x £13.40)</td>
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<tr>
<td>Housing Benefit:</td>
<td>£223.85</td>
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<tr>
<td><strong>Total:</strong></td>
<td><strong>£544.84</strong></td>
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</tbody>
</table>

- **Cap Amount:** £500.00
- **Amount above Cap:** £44.84
- **Housing Benefit payable:** £223.85 - £44.84 = £ 179.01
Council Tax Reduction Scheme

- A key change of The Welfare Reform Act 2012, was to abolish Council Tax Benefit from April 2013, and replace it with a local Council Tax Reduction Scheme (CTRS)

- Local Authorities will receive 10% reduced government funding from Council Tax Benefit to finance the scheme

- Claimants of pension credit age are protected from all changes, and will continue to receive the same level of support, but

- all other working age claimants will have to pay something towards their council tax
Council Tax Reduction Scheme

Consultation was carried out August – November 2012

The key elements of the Haringey scheme are;

- Reduce support to all working age claimants by an equal flat rate proportion
- Claimants in receipt of disability benefits will be protected from the changes
- Support will not be given to those with capital or savings above £10,000
- Remove entitlement if less than a £1 per week is currently awarded
- Keep backdating period to 6 months for working age claimants and 3 months for pension credit age claimants
Council Tax Reduction Scheme

- Protecting pensioners, increases in claimant numbers along with Haringey’s proposal to protect disabled claimants will result in a 19.8% shortfall in council tax support for remaining working age claimants

- Full Council approved the proposals on 17/01/2013.

- Collection and enforcement processes are being looked into to plan for any additional collection requirements

- Council Tax Scheme rules are not fully aligned with Housing Benefit rules – this will have an impact on processing and claiming

- DHPs cannot be used to meet shortfalls in Council Tax from 1 April 2013
Council Tax Technical Changes

- Technical changes within Council Tax have been made,— proposals were approved on 17/01/2013

- What was Class A (major refurbishment) exemption will now be a local discount. Haringey are proposing a 50\% discount for 12 months then the full charge becomes payable.

- What was Class C (empty & unfurnished) exemption will now be a local discount. Haringey are proposing a 100\% discount for 1 calendar month then the full charge becomes payable.

- Empty home premium - An extra 50\% will become payable after the property has been unoccupied for 2 years

- Second Homes - **full charge** payable immediately.
Community Care Grant and Crisis Loan Replacement

- Starts April 2013
- No longer being run by DWP / Jobcentre
- Administered by each Council, on whatever basis it wants to administer it
- Crisis Loan will now be called Crisis Payments as the customer will no longer have to repay it
- Crisis Payments provide help for people who need money quickly because of expenses in an emergency or disaster. They can also help with rent in advance in certain circumstances
- Community Care Grants are intended to help with expenses so that people can live in the community and families can stay together
- Both Crisis Payments and Community Care Care Grants are discretionary, which means that even if you are eligible you will only get one if the administrators decide that your need is important and there is enough money left in the DWP allocated Social Fund budget
Personal Independence Payments

- Starts April/June 2013 for new claims
- Affects working age people
- Replaces Disability Living Allowance for some people
- There are no plans to replace DLA for Children under 16
- There are no plans to replace DLA for people 65+ already in receipt
- Existing claimants converted on a rolling programme from October 2013 until March 2018
- Tougher Rules means less people will qualify
“Bedroom Tax”

- Starts 1st April 2013
- Affects working age claimants in Council or Housing Association accommodation
- The bedrooms required by the claimants household will be worked out against the same size criteria used in Local Housing Allowance (LHA)
- Tenants with too many bedrooms will have their Housing Benefit restricted by 14% for one bedroom or 25% for two or more bedrooms

<table>
<thead>
<tr>
<th>Numbers Affected</th>
<th>14% cut</th>
<th>25% cut</th>
</tr>
</thead>
<tbody>
<tr>
<td>Council Tenants</td>
<td>1233</td>
<td>423</td>
</tr>
<tr>
<td>Housing Association Tenants</td>
<td>565</td>
<td>282</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Average losses</th>
<th>14% cut</th>
<th>25% cut</th>
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</thead>
<tbody>
<tr>
<td>Council Tenants</td>
<td>£ 18.73</td>
<td>£ 33.45</td>
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<tr>
<td>Housing Association Tenants</td>
<td>£ 18.46</td>
<td>£ 32.96</td>
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