

# Wider Welfare Reform - Impacts

July 2013



Brighton & Hove  
City Council

# Housing Benefit – Private Sector Tenants

---

**Local Housing Allowance** is the rate of Housing Benefit paid to those in the private rented sector. Two changes already implemented:

- Those aged under 35 can now only claim the shared room rate, not the one bedroom rate.
- LHA freeze and ongoing reductions
  - now calculated at 30<sup>th</sup> percentile of average rents, as opposed to median (50<sup>th</sup>).
  - LHA to be adjusted annually by the lowest of either consumer price index, 30<sup>th</sup> percentile or 1% increase.

# HB for Private Sector - the numbers

---

- Approx **650** claimants under 35 who will see an average reduction in Housing Benefit of **£70** a week
- **6,500** households will see a reduction in Housing Benefit of approximately **£5-£15** a week.
  - There a few cases where the shortfall is greater than this, but these cases are in the minority.
  - Most households in the private rented sector had been managing rental shortfalls prior to Welfare Reform, so this reduction will increase a pre-existing shortfall.
  - Only reform that affects pensioners too.

# Housing Benefit – Social Housing Tenants

---

➤ **Under-occupation in the Social Rented Sector.** Also known as “The Bedroom Tax’ or ‘Removal of the Spare Room Subsidy’. This has now been implemented.

- To bring Council and Housing Association HB in line with the private sector, by assessing HB on the number of bedrooms a household needs.
- Benefit reduced by 14% of their eligible rent for those under-occupying by one bedroom
- 25% reduction for two bedrooms or more.
- Some exceptions to the rule have been agreed for foster carers, disabled children, carers, serving military etc.
- No prescribed definition of a bedroom.
- Interacts with significant increases to non-dependent deductions

# HB for Social Rented Sector – the numbers

---

- Affects working-age households only
  - One bed - reduction of approx £14 a week
  - Two bed or more - reduction of approx £25 a week
- 1,000 affected households in Council properties
  - 80% under-occupying by 1 bedroom
  - 20% under-occupying by 2 beds or more
- 550 affected households in Housing Association properties
  - 80% under-occupying by one bedroom
  - 20% under-occupying by two bedrooms or more

# The Benefit Cap – All tenures affected

---

## Applied between 12<sup>th</sup> August and end of Sept 2013

- All couples and families with children will be restricted to a maximum total benefit income of £500pw.
- The deduction will be applied to their Housing Benefit initially
- Most benefits are applicable, **including** Housing Benefit, but excluding Council Tax Reduction
- The cap will not apply to those in receipt of: Working Tax Credit, Disability Living Allowance, Employment Support Allowance (support component only), Personal Independence Payment, Industrial Injuries Benefit, War widows or War Widows Pension.
- All affected households have dependent children

# Benefit Cap – The numbers

---

- We currently understand there to be about **300** families in B&H who will be capped, but this number is constantly shifting up and down, as families change size, or move in and out of properties.
- Some families will be capped by just a few pounds, whilst some will lose a substantial part of their Housing Benefit. A handful stand to lose their entire Housing Benefit (up to £368)
- Affects working-age households only, in all tenures
- Families who find themselves no longer eligible for DLA (under transition to PIP) or lose their employment may then fall into the Benefit Cap

# Council Tax Reduction Scheme

---

- Local Authorities have introduced local schemes to support those unable to pay their Council Tax
- Reduction in funding by 10% (£2.5m in B&H)
- The Government has protected pensioners from the change
- CT is a priority debt, along with rent. Households must pay or may face court action
- A Discretionary Fund is available to help vulnerable households unable to pay in exceptional circumstances.



# Council Tax Reduction – the numbers

---

- All working-age households will now pay at least 8.5% of their Council Tax liability
- The average contribution for a household will be £1.75 a week
- 17,000 households affected
  - 10,000 who had previously had to pay nothing towards their Council Tax
  - 7,000 who previously paid a contribution towards CT who will now pay more.

# Localisation of Discretionary Assistance

---

- Crisis Loans and Community Care Grants are now abolished
- The Local Discretionary Social Fund (LDSF) seeks to replace, but not replicate, the schemes
- No cash will be awarded, but essential needs will be met with goods in kind
- LDSF can help in two circumstances:
  - Providing for essential needs in the event of a crisis or emergency
  - Providing essential goods to enable a person to return to the community after a period in care; or to assist them to remain in the community without the need for further formal care.

# Sickness and Disability Benefits

---

- The program to transfer those on Incapacity Benefit over to **Employment Support Allowance** will continue.
- **Personal Independence Payment (PIP)**, replaces Disability Living Allowance.
  - Affects disabled people aged 16 to 64.
  - Entitlement will no longer be based on their disability or diagnosis, but the help they may need because of the condition or disability.
  - Assessment will include an in-person assessment by a health professional
  - No low rate award for care under PIP
  - No ongoing award or automatic entitlement

# Universal Credit

---

- **Pilot in Ashton-under-Lyne underway**
- **Further roll-out in six job centre plus areas from Oct 2013**
- **Then phased migration from April 2014 to completion in 2017. Details of rollout still unknown, but unlikely to affect most households until April 2014 or later**
  
- Affects working-age households only at this time
- Combines all out-of-work benefits into one payment, made monthly, one month in arrears.
- Paid to one member of the household.
- Direct payment of 'housing benefit' to the claimant instead of the landlord.
- Payee is responsible for ensuring rent and Council Tax contribution is paid.
- Payee is responsible for ensuring household budget is allocated accordingly and to individual members where appropriate, such as Children's disability payments.

# Important to Note:

---

- Some families will be affected by multiple changes to their income and this will have a cumulative affect on their ability to budget their expenditure.
- For example, all families affected by the bedroom tax will also be asked to contribute to their Council Tax, some for the first time.

# Discretionary Payments for rent and CT

---

- Discretionary funds are available to assist the most vulnerable households to pay their rent and council tax shortfalls.
- Discretionary payments will focus on enabling residents to move to more affordable accommodation rather than sustain them in the long term in unaffordable accommodation
  - Help with moving costs
  - Rent in advance

# More Information or Queries?

---

- Our website is regularly updated to outline the changes:

[www.brighton-hove.gov.uk/benefit-changes](http://www.brighton-hove.gov.uk/benefit-changes)

- **John Francis**, Programme Manager for Welfare Reform on 01273 291913
- **Tabitha Cork**, Project Manager for Welfare Reform on 01273 290236