



Housing Benefit Reform

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May 2011



Background

- Changes initially announced in spending review back in June 2010
- Reduction in costs of HB at forefront of the new Governments programme
- Government committed to tackling 'spiralling' HB expenditure - £11B in 2000/01, £21.5B in 2010/11
- Initially aimed at private sector housing but later changes will impact in social sector
- Government also proposing to introduce Universal Credit starting October 2013
- Committed to including housing costs but looking to localise CTB
- Main aim of changes to provide an incentive for customers to move of benefits and into work



Timetable of benefit changes

- **Impact in Private Sector only**
 - Capping of LHA rates for each size criteria (no effect in Bolton) (11/12)
 - Removal of the £15 excess element to the LHA (11/12)
 - Extending the shared room rate to those single people under 35 (11/12)
 - Further restricting the maximum size of dwelling on which HB is payable (11/12)
 - Limiting the LHA to the 30th percentile of rents (11/12)
 - Extra bedroom in size criteria rules where there is a live in carer (11/12)
 - Increase in LA's discretionary power to pay direct to landlord (11/12)
- **Impact in Social Sector only**
 - Introduction of size criteria rules for claims in the social rented sector (13/14)
- **Impact in both Sectors**
 - Increasing non-dependant deductions (11/12)
 - Increasing DHP grant to allow LA's to provide additional help (11/12)
 - Capping total benefit payments at average earnings levels (13/14)
 - Annual uprating of benefit rates using the CPI rather than RPI (13/14)
 - Localisation of Council Tax Benefit and cutting cost by 10% (13/14)
 - Introduction of Universal Credit (13/14)




Removal of £15 excess

- Applies to new claimants with effect from April 2011
- Any excess above capped rent removed from anniversary date after April 2011
- This change will mean that capped rent (LHA rate) is now equal to contractual rent
- Transitional protection does not apply to removal of excess element of rent
- Standard, non max HB claimants will have greater shortfall to make up



Transitional Protection

- Applies in cases where existing customers would be worse off
- Applies to the following changes
 - The 4 bedroom LHA rate cap
 - The introduction of 30th percentile to calculate LHA rates
- Protects tenants LHA entitlement for up to 9 months from the date the change is due to take effect , for example the anniversary date
- Transitional protection will end if
 - The tenant changes address
 - There is a change to the household that affects the LHA rate



Maximum number of bedrooms allowed capped at 4 bedrooms

- New claimants after April 2011 will have LHA capped at 4 bedroom rate
- Existing claimants with effect from anniversary date but will receive 9 months protection – so earliest date of change will be January 2012
- Protection will end if the tenant changes address or has a change that affects the LHA rate – for example a non-dep moves out
- Estimated that around 48 tenants receiving 5 room rate



LHA rates based on 30th percentile

- New claimants after April 2011 will be affected immediately
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- Existing claimants with effect from anniversary date but will receive 9 months protection – so earliest date of change will be January 2012
- Protection will end if the tenant changes address or has a change that affects the LHA rate – for example a non-dep moves out
- Will impact on all LHA rates from the Shared Accommodation rate to the 4 room rate
- Will reduce affordable accommodation for HB claimants in the private sector from 5 in 10 properties to 3 in 10 properties



Difference between March and April LHA rates


Bolton	Shared	1 bedroom	2 bedroom	3 bedroom	4 bedroom	5 bedroom
March 2011	50.00	86.54	103.85	125.20	161.27	207.46
April 2011	45.00 (-5)	80.77 (-5.77)	96.69 (-7.11)	114.23 (-10.97)	148.85 (-12.42)	

Wigan	Shared	1 bedroom	2 bedroom	3 bedroom	4 bedroom	5 bedroom
March 2011	65.00	83.08	98.08	115.38	155.77	178.85
April 2011	57.73 (-7.27)	80.77 (-2.31)	92.31 (-5.77)	109.62 (-5.76)	138.45 (-17.32)	



Increase in Non-Dependant deductions

- With effect from April 2011
- *No transitional protection so all tenants affected immediately*
- Affects tenants in all tenures
- Previously frozen since 2001
- By April 2014 will be at the level they would have been at if they had been increased year on year since 2001
- No deduction if tenant is in receipt of Attendance Allowance, Disability Living Allowance (Care) or is registered blind
- All tenants have been notified.



Increased HB deduction rates from April 2011

2010/11 bands	2011/12 bands	2010/11 amounts	2011/12 amounts
	IS/JSA(IB), ESA(IR) not in work (25+)	£7.40	£9.40
Less than £120	Less than £122	£7.40	£9.40
£120 to £177.99	£122 to £179.99	£17.00	£21.55
£178 to £230.99	£180 to £233.99	£23.35	£29.60
£231 to £305.99	£234 to £309.99	£38.20	£48.45
£306 to £381.99	£310 to £386.99	£43.50	£55.20
£382 and above	£387 and above	£47.75	£60.60



Extra bedroom for carers

- With effect from April 2011
- The claimant or their partner has an established need for overnight care
- That care is provided by someone outside of the household, and
- Where the claimant occupies a property with an additional bedroom that room is used for this purpose.
- Only one additional room is available under this provision
- The overall 4 room limit will still apply



Direct payment

- Government have increased LA's discretionary powers
- Key aim is to enable tenants to sustain their tenancies
- Will apply if:
 - Landlord reduces an existing rent to an affordable level
 - Landlord reduces a proposed rent to an affordable level
- Affordable = LHA rate
- LA will need an audit trail so evidence required



Increase in DHP Budget

- Discretionary Housing Payments (DHP) are designed to provide short term financial assistance for customers struggling to pay housing costs
- Applies to both Housing Benefit and Council Tax Benefit
- Budget increased by approximately £25K for 2011/12 (£101K in total)
- Customers must make a claim and provide detailed information regarding income and expenditure
- Robust policy in place to ensure payments go to those in greatest need
- Not a long term solution



Future Changes

- Extending shared accommodation rate to under 35's (January 2012)
- Introduction of size criteria rules for claims in the social rented sector (April 2013)
- Capping total benefit payments at average earnings levels (April 2013)
- Annual uprating of benefit rates using the CPI rather than RPI (April 2013)
- Localisation of Council Tax Benefit (April 2013)
- Introduction of Universal Credit (2013)



Extending shared accommodation rate to under 35's

- Currently applies to under 25's
- Brought forward from April 2012 to January 2012
- All under 35's in private sector that are single without children
- No transitional protection as such, will be effective 9 months from this years anniversary date for existing customers
- Will effectively reduce LHA from 1 room rate to shared accommodation rate
- Reduction of approximately £35 to £40 per week



Localisation of Council Tax Benefit

- To be introduced from April 2013
- LA will have to create it's own Council Tax Benefit/Rebate scheme
- Will have to find a 10% reduction around £2M per year for Bolton)
- Different assessment and award rules may lead to additional complexity, reduced take up, reduced incentives, confusion, duplication and costs
- Proposal means there may be 100+ different CTB schemes
- Spending could be focused away from families and towards pensioners lower-higher-ers and from lower income to higher income households



Universal Credit

- Single working age benefit
- Proposal is to introduce for new claimants from October 2013
- By 2017/18 estimated that all customers will have migrated over to Universal Credit
- Will not include CTB
- No proposal at the moment regarding pensionable age customers – hinted that HB may be included in Pension Credit



Current issues with UC?

- Direct payment to customer
- DWP estimating that only 20% of social sector tenants require direct payment to landlord
- Concern about the complexity of the systems that will require development, testing and then be available over a very tight timescale
- Housing element adds significant complexity
- Many independent organisations are questioning the need for UC and worry that Government claims regarding 'an out of control welfare state' are exaggerated
- Will cost £1.7B to introduce



Questions