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# Welfare Reform and Housing Benefit

## Barnet landlord forum

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## Why change (1)

- managing rising costs



- delivering fairness



- increasing employment

This means transforming what we do and how we do it

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## Benefit Cap

- the benefit cap will be introduced from April 2013 and will apply to the combined income from the main out-of-work benefits, plus Housing Benefit, Child Benefit and Child Tax Credits
- the benefit cap levels will be:
  - £500 per week for couples and lone parents
  - £350 per week for single adults
- 67,000 households will be affected by the cap in 2013/14
- the average benefit reduction is £83 a week per household

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## Benefit Cap - Exemptions

The following households will be exempt from the cap:

- those entitled to:
  - Working Tax Credit
- those in receipt of:
  - Disability Living Allowance
  - Industrial Injuries Benefits
  - Personal Independence Payment
  - Attendance Allowance
  - Employment and Support Allowance, if paid with the support component
  - Armed Forces Compensation Scheme and before 6 April 2005, the War Widow's/Widower's pension and war disablement pension
- claimants who have been in employment for 50 weeks out of 52 weeks or more when they claim benefit will be exempt from the cap for up to 39 weeks

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## Benefit Cap - Implementation

- **Phase 1** - from April 2012, Jobcentre Plus and local authorities will be providing support to those households claiming out-of-work benefits that will be impacted by the benefit cap in April 2013
- **Phase 2** - implementation of the benefit cap for new and existing claimants from April 2013, via a deduction from Housing Benefit
- **Phase 3** - new claims to Universal Credit will be subject to the cap from October 2013

## How is Universal Credit different?

### Current System

The welfare system has **more than 30 benefits** each with their own rules and criteria

**Work incentives can be very low**, benefits are reduced to take account of earnings but different benefits have different rules

**Conditionality:** some benefit claimants are capable of working but have no obligations to look for work

**Payments** are paid to different adults in a household and for various periods

### Universal Credit

Universal Credit provides a new single system means-tested support for working-age people who are **in or out of work**

Universal Credit **will ensure that work pays**. Financial support will be reduced at a consistent and predictable rate and people will generally keep a higher proportion of their earnings

Universal Credit will **personalise conditions** according to people's capability and circumstances

Universal Credit is a **single monthly payment** to each household (Though we will retain the ability to pay more frequently or to split payment in exceptional circumstances)

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## Universal Credit and housing

Housing Benefit will be:

- integrated into Universal Credit, over time
- potentially more broad brush in its approach - with fewer exceptions
- available to pensioners through Pension Credit
- private sector - will incorporate LHA rates
- social sector - will use actual rents, subject to under occupation penalty. No further change in short to medium term

We are currently considering policy for eligible service charges and non Dependents, temporary and supported accommodation

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## Universal Credit – the right support for claimants

- the new service will be straightforward for many – but some claimants will need support to deal with the changes
- **Financial Products** - we are working with the commercial and social banking (e.g. credit unions) to develop bank accounts that have in-built budgeting capability
- **Tailored Support** - we are conducting a detailed segmentation of claimant support needs to understand the demand for such support and to help us either build solutions into mainstream support or develop tailored solutions
- **Exceptions** - for those who will not be able to manage Universal Credit, even with support, we are developing an exceptions framework
- **Engagement** - we have established an external advisory group to help us with this - the Support and Exceptions Working Group, which includes representatives from local authorities, housing and advice organisations



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## Payment of Universal Credit

- Universal Credit will be paid to claimants who are in work and out of work
- as most businesses pay monthly, Universal Credit will also be paid monthly
- claimants will be responsible for managing all household costs, including rent payments
- to help claimants prepare for Universal Credit, we will test key elements of incorporating housing support into Universal Credit whilst protecting the financial position of social landlords
- Housing costs for owner-occupiers in Universal Credit will continue to be paid to qualifying lenders direct under the Mortgage Interest Direct scheme
- Direct Payment Demonstration Projects will run for a year in six local authority areas

# Direct Payments Demonstration Projects (1)

## Project purpose is to:

- test the impact of various trigger points and safeguards on social landlords
- test safeguards for different groups of people, e.g. trigger points for making payments to landlords, and test budgeting tools for claimants
- evaluate claimant communication strategy and test landlords' strategies for maintaining financial viability

## Participating local authority areas:

- City of Edinburgh Council and Dunedin Canmore Housing Association
- Torfaen Borough County Council and Bron Afon Community Housing and Charter Housing.
- Wakefield Metropolitan Borough Council and Wakefield and District Housing
- Shropshire Unitary County Council and Bromford Group, Sanctuary Housing, and Wrekin society.
- Oxford City Council and Greensquare Housing Association
- Southwark Council and Family Mosaic



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## Direct Payments Demonstration Projects (2)

- the projects will run from June 2012 to June 2013 and will involve some working age tenants in the selected areas
- up to 2,000 tenants in each local authority taking part have been selected
- pensioners have not been selected and will continue to have their housing costs paid direct to their landlord, where direct payment is the current arrangement
- tenants assessed as needing the least support have been selected first and are being moved onto a direct Housing Benefit payment into their bank account from 29 June 2012
- local authorities and housing associations will carefully monitor arrears levels and provide immediate financial and budgeting advice where needed
- there is a Learning Network to enable Housing Associations and local authorities to share learning and exchange information. To receive an invitation to join e-mail:  
[DCLG.WelfareReform@communities.gsi.gov.uk](mailto:DCLG.WelfareReform@communities.gsi.gov.uk)

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# Helping tenants

## Practical

- get online and get used to using the internet
- understand the changes - what and how will your tenants be affected
- provide support for those tenants who may need additional help (e.g. because of learning or literacy difficulties)
- do your tenants have bank accounts and can they budget well enough to manage their own money?
- consider putting in place new arrangements for rent collection?
- work with Jobcentre Plus, your local authority and key voluntary organisations to agree upon how tenants (or other claimants) will be routed to the support that they need

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## Conclusion

- radical changes to the benefit system
- move towards Universal Credit over time, with implications for delivery of housing services and costs
- work in progress on delivery model
- we will need to do things differently: on-line claims and real-time processing
- ...and so will our citizens
- Universal Credit in context of broader welfare transformation
- Welfare Reform alongside some major work to configure broader services especially localised Council Tax support and new fraud services
- remember Pension Credit will be amended to provide help with eligible rent and dependant children for pensioners
- Universal Credit some key decisions are needed to help you plan

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## What should you be doing now?

- work together - include Jobcentre Plus, local authorities, registered providers, private landlords and third sector partners to prepare for the reforms
- identify which and how tenants will be affected
- consider implications for your business planning and future business model
- plan communications with those affected
- plan transition – Universal Credit will be phased 2013-2017
- support the cultural change: new channels and personal responsibility
- consider partnership and integration opportunities –perhaps sharing estates?

# Questions