

Welfare Reform

Changes from April 2013



Introduction.....

Welfare Reform Act 2012

On 8th March the Welfare Reform Act 2012 received Royal Assent. The act introduces a wide range of reforms to make the benefits and tax credit system fairer and simpler by:

- creating the right incentives to get people into work
- protecting the most vulnerable in our society
- delivering fairness to those claiming benefit and to the tax payer.

Introduction.....



What are the key aspects of welfare reform?

- Under Occupation (April 2013)
- Benefit Cap (April 2013 - Sept 2013)
- Social Fund Reform (April 2013)
- Local support for Council Tax (April 2013)
- Universal Credit (October 2013)



Part 1 – Under Occupation

- Background
- Summary of changes
- Non-standard cases
- Cases not subject to a restriction
- Example cases
- Options

Background.....



From **April 2013** there will be changes in the way Housing Benefit is calculated for claimants living in accommodation rented to them by:


- a local authority
- registered housing association, or
- other registered provider of social housing

Background.....



- There will be restrictions on the size of property Housing Benefit will pay for, based on who lives in the property.
- If someone is assessed as having more bedrooms in their accommodation than is necessary according to the new rules, they will be considered to be **under-occupying** that property.
- From April 2013 claimants assessed as under-occupying their property will be subject to a percentage reduction to their eligible rent and service charges.


Summary of changes...



The new rules allow one bedroom for:


- every adult couple
- any other adult aged 16 or over
- any two children of the same sex aged under 16
- any two children aged under 10
- any other child
- a carer

Summary of changes...



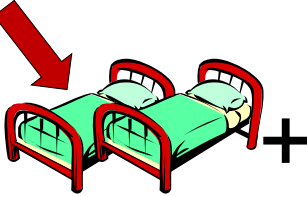
Rates of reduction

The reduction will apply to the total eligible rent including any eligible service charges



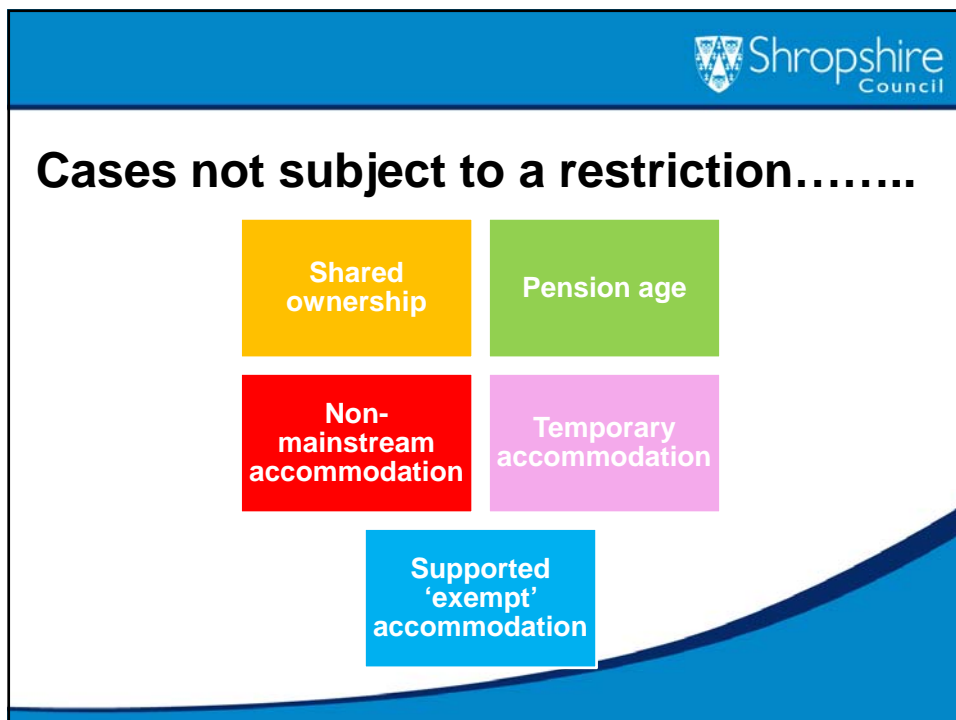
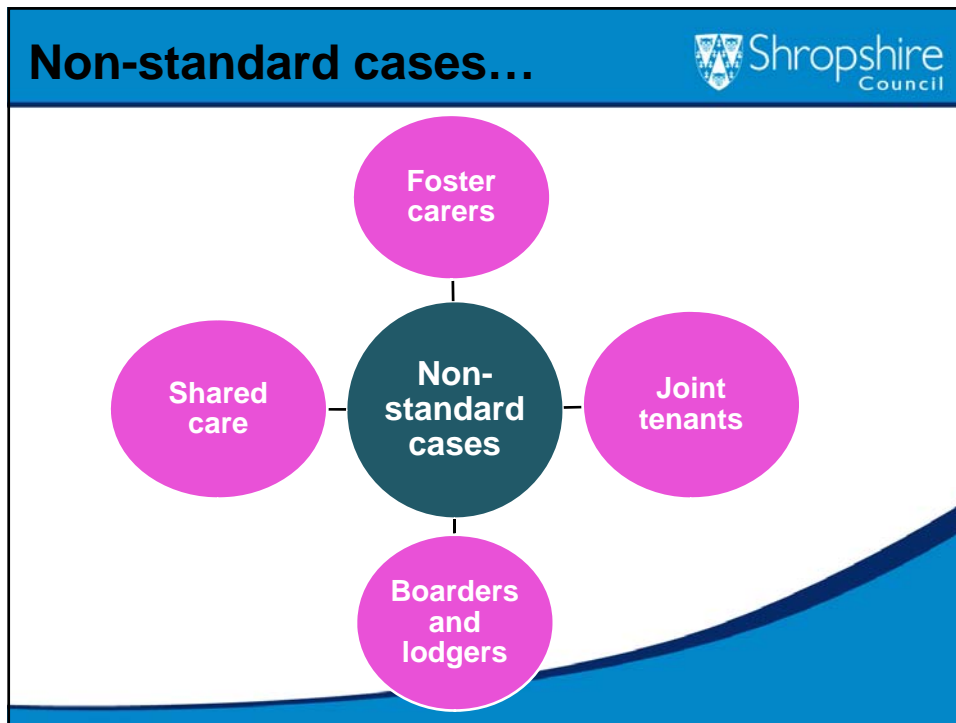
Under occupation by
1 bedroom

**14%
Reduction**



Under occupation by
2 bedrooms or more

**25%
Reduction**



Part 2 – Overall Benefit Cap

- Background
- Summary of changes
- Exemptions

Background.....

From **April 2013** a cap will be introduced on the total amount of benefit that working age people can receive.

The cap is designed to prevent households (including dependants but excluding non-dependants) where no one is working from receiving more benefit income than the average weekly income for working families.

Summary of changes...



The cap applies to the following benefits:

- Jobseeker's Allowance
- Income Support
- Employment & Support Allowance (where there is no entitlement to the Support component)
- Housing Benefit
- Child Benefit
- Child Tax Credit
- Universal Credit (once it has commenced)
- Other benefits including Carer's Allowance and Maternity Allowance.

Summary of changes...



The cap will be set at:

£350		Single adults with no children
£500		Couples (with or without dependant children) and single parents

Exemptions...



There will be some households exempt from the cap:

- Where someone starts work & begins receiving Working Tax Credit.
- Where someone is receiving War Widows/Widowers Pension, Disability Living Allowance (to be replaced by Personal Independence Payment), Attendance Allowance, Constant Attendance Allowance or Employment & Support Allowance with the Support component.
- 39 weeks grace period – for those who have been in continuous employment for the previous 12 months and who lose their job through no fault of their own.

Social Fund Reforms...



Current provision	Provision from April 2013	Administration from 2013
Cold Weather Payments	As now. Universal Credit will become a qualifying benefit.	DWP
Funeral Payments	As now. Universal Credit will become a qualifying benefit.	DWP
Sure Start Maternity Grants	As now. Universal Credit will become a qualifying benefit.	DWP
Winter Fuel Payments	As now.	DWP
Budgeting Loans	As now for existing income-related benefits. Budgeting Advances available to eligible Universal Credit recipients.	DWP
Community Care Grants	Abolished. Replaced with locally-based provision.	LA
Crisis Loan Alignment Payments	Replaced with Short Term Advances. The new system will also replace interim payments of benefit so there is a single system of payments.	DWP
Crisis Loans for general living expenses	Abolished. Replaced with locally-based provision.	LA

Local support for Council Tax...



From April 2013 Council Tax Benefit is being replaced with local support. Councils across the country are required to develop their own scheme to help people on low incomes pay their Council Tax bills.

The new schemes will receive less funding from Central Government than the existing Council Tax Benefit arrangement.

Shropshire's new scheme...

- Removal of Second Adult Rebate
- Increase value of Non-Dependent Deductions
- Remove Child Benefit & Earnings Disregards
- Reduce capital upper limit to £10,000



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