

Changes to help with Housing Costs in 2016

Sarah-Jayne Goakes
Money Matters Officer
Circle Housing Roddons



Enhancing Life Chances

What's happening to Housing Benefit?

Changes for working age claimants

- Reduction to backdating period
- Reduction to Benefit Cap

Changes for working & PENSION AGE claimants

- Changes to temporary absence rules
- Removal of Family Premium
- Cap for social housing HB to LHA rates (actual impact from 2018-more on this later)
- **Discretionary Housing Payments extended to 2020/21 financial years**
- **Universal Credit replacing HB for working age claimants**



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Reduction to Housing Benefit backdating period

- *Backdating relates to a situation where a claim has not been made for a particular period E.g Customer signs up for tenancy on 04/04/16 and has not previously claimed HB. They delay making their claim for HB until 20/04- HB would only usually be paid from Monday after date of claim 25/04- meaning client receives no HB from 04/04/-25/04.*
- Time limit for backdating HB for working age claimants reduced from max 6 months to 1 month from **01/04/2016**
- Time limit is from the date of the request E.g request for backdate on 01/05/16 –backdate could only be considered to 01/04/16
- Claimant needs to demonstrate continuous good cause for period
- **Possible options to obtain HB for an earlier period if previous HB claimant-**

Challenging termination of previous HB claim

Applying a closed period supersession for periods of nil entitlement to retain an open claim

- **Pension age HB regs allow for max 3 month backdate without proving good cause**



Reduction to Benefit Cap

- Applies to Working Age claimants claiming out of work benefits- Already in place but reduced limits from Autumn 2016 (TBC)
- In cheaper areas many families with 3 or more children will be affected for the 1st time
- For those on HB with benefits above cap level HB can be reduced down to leave a min of £0.50 per week (to enable access to the DHP scheme)
- For those on UC above cap level Housing Costs element will be reduced first but other elements can also be reduced until down to cap level –so UC claimants could lose more. UC claimants can also access DHP scheme

E.g. For example, on the existing benefits system a family on a total of £600 a week benefits, that includes £80 a week Housing Benefit, will lose £79.50 a week Housing Benefit as 50p a week Housing Benefit has to be left in payment.

But under the Universal Credit system they lose the full £100 a week 'excess' over the Cap. This obviously eats into the total Universal Credit amount - and the family will need to pay their rent in full (as well as feed and cloth themselves etc) from what is in payment.

- Exemptions remain the same- in receipt of WTC, certain disability & sickness benefits

Benefit Cap limits – per week				
	Outside Greater London		In Greater London	
Situation	Current	Proposed	Current	Proposed
Single	£350	£257.69	£350	£296.35
Lone parent	£500	£384.62	£500	£442.31
Couple	£500	£384.62	£500	£442.31
Couple with children	£500	£384.62	£500	£442.31



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Changes to temporary absence rules

- **Applies to ALL HB claimants from 30/05/2016**
- HB will only be paid for temporary absences abroad (*defined as outside GB*) of less than 4 weeks (equivalent of 28 days including 1st day leaving home and the day they return)
- Exceptions apply:
26 week limit if member of the armed forces away on operations, continental shelf workers, mariners or the claimant is in hospital or claimant, partner or dependent is undergoing medical treatment.
- 4 week time limit can be extended by another 4 weeks if absence is in connection with death of a close relative.
- Rules apply to everyone in the household- so non dependent absent outside of GB for more than 4 weeks will no longer be permanent member of h/hold from 1st day of absence. Claimants need to be aware that although this would remove any applicable non dep deduction HB could then be reduced by 'Bedroom Tax' if they are classed as having a spare room



Removal of family premium

- Family premium is removed from calculation of HB applicable amount from 01/05/2016 for working age & pension age claimants
- Change won't impact those passported to max HB

Passported = Claimants of means tested income replacement benefits IS, ESA(IR), JSA(IB) GPC

- Applies to NEW claims & existing claimants with children born after 30/04/16.
- Premium added £17.45 to calculation of applicable amount for claimants whose households included a dependent child
- Reduction in real terms for claimants up to £11.34 per week as excess income reduces HB at 65% (e.g 65% of £17.45= £11.34)



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Social Housing HB capped at LHA rates

- Applies to all NEW social housing tenancies for Working age & Pension age tenants signed from 01/04/16 –but the change takes effect from 01/04/2018.
- Supported housing tenancies are exempt until Apr 2017 at least
- A ‘new’ tenancy agreement signed after 1st April 2016 will include a 5 year starter tenancy, any new tenancy agreement signed as the result of a Mutual Exchange, joint to sole or sole to joint applications, and as a result of succession. The rules apply to any new tenancy agreements, regardless of how long a tenant has been in residence.
- LHA rates have been operating in calculation of HB for private sector tenancies for many years. LHA rates can be found at <http://lha-direct.voa.gov.uk/Search.aspx>
- LHA rates set the maximum rent figure a HB claim can be assessed on- they are based on the cheapest 30% of rental properties in the area. The LHA rate that applies to a claimant depends on the size criteria.



Social Housing HB capped at LHA rates

Single Under 35 are eligible for Shared Accommodation Rate only

One bedroom is allocated for:

- every adult couple
- every other adult aged 16 or over
- any two children of the same sex
- any two children regardless of sex under age 10
- any other child.



Same as for Social Sector Size Criteria aka 'Bedroom Tax'

BRMA Area	Single Room Rate	1 Bed	2 Bed	3 Bed
Kings Lynn (includes Wisbech)	£53.67	£90.64	£112.21	£129.47
Peterborough (includes March)	£57.15	£92.05	£115.07	£132.32
Cambridge (includes part of South Cambs)	£80.52	£126.05	£140.74	£168.45

Additional bedrooms can be allocated for:

- Overnight carer
- Disabled child requiring a separate bedroom



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Social Housing HB capped at LHA rates

Exemptions for Shared Accommodation Rate for Under 35s

If you are disabled, the shared accommodation rate won't apply if you:

- need overnight care
- qualify for the **severe** disability premium (not standard disability premium only)
- receive the middle or high rate of disability living allowance, or the daily living component of a personal independent payment (PIP), AND receive the severe disability premium AND **do not** have a carer who claims Carers Allowance for helping you
- receive armed forces independence payment
- are an approved foster carer

Care leavers are also exempt until they are 22 years of age.



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Social Housing HB capped at LHA rates

Examples of how the changes impact different claimant groups:

Example 1

Mr Smith is 27 years old and signed a Starter Tenancy for 1 bed flat in Norwich in December 2014. The Starter Tenancy has been extended for 6 months because of some low level rent arrears. Mr Smith will sign a new 5 year Fixed Term Tenancy in May 2016.

Mr Smith claims Employment & Support Allowance, and this is unlikely to change in the short/medium term. His weekly rent is £102.11 and this is currently paid in full by Housing Benefit.

*On 1st April 2018 Mr Smith will be subject to the new rules. If his circumstances have not changed he will only qualify for the single room rate of LHA (because he is **under 35 years old**). The single room rate for the Central Norfolk & Norwich BRMA is currently £61.45 per week. This would leave Mr Smith to pay £40.66 per week towards his rent.*

Although tenancy originally started in Dec 2014 (before new regs) this claimant will be subject to LHA rates as he signed a new tenancy agreement after Apr 2016



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Social Housing HB capped at LHA rates

Examples of how the changes impact different claimant groups:

Example 2

Mr & Mrs Smith (37 years old) sign a tenancy agreement for a 2 bedroom house in Thorpe St Andrew in June 2017. They have a 6 month old daughter. Mr Smith has been working for a couple of months, but has now lost his job.

Mr Smith is claiming Job Seekers Allowance for the family, and they qualify for full Housing Benefit. The weekly rent is £93.21 and this is currently paid in full by Housing Benefit.

On 1st April 2018 Mr & Mrs Smith will be subject to the new rules. If their circumstances have not changed they will qualify for the 2 bedroom rate of LHA (because they need 2 bedrooms) The 2 bedroom rate for the Central Norfolk & Norwich BRMA is currently £116.52 per week. The rent of £93.21 will continue to be covered in full.

LHA rate sets the maximum HB that can be awarded- if the actual rent is less this will be the figure used in the calculation



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Social Housing HB capped at LHA rates

Examples of how the changes impact different claimant groups:

Example 3

Unfortunately, Mr & Mrs Smith split up in October 2018. Mr Smith remains in the property alone.

He will now be subject to the under-occupation penalty (commonly referred to as the bedroom tax) OR the 1 bedroom rate for the Central Norfolk & Norwich BRMA (as he only needs 1 bedroom now) The rent is £93.21, so a 14% under-occupation deduction would be £13.05. This would mean a Housing Benefit award of £80.16.

The 1 bedroom LHA rate is currently £92.98. This would mean a Housing Benefit award of £92.98.

The under-occupation penalty of 14% is the HIGHER deduction so Housing Benefit of £80.16 would be awarded.

The highest deduction will always be applied.



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Social Housing HB capped at LHA rates

Examples of how the changes impact different claimant groups:

Example 4

Mr Jones is 29 and lives alone. He bids for a 2 bedroom flat in Norwich and the rent is £112.30. He claims ESA and receives Personal Independence Payments (PIP) for help with daily living costs. In recent times we would have completed an affordability assessment with Mr Jones because he would be subject to the under-occupation penalty (14% = £15.72). Because of the extra benefits Mr Jones receives for his disability we would probably approve the letting.

In 2018 Mr Jones will be subject to LHA. If he wasn't receiving PIP he would only qualify for the Single Room Rate of £61.45 per week because he is under 35 years old. We would not be able to allocate this property to him on this basis because he would have a weekly rent shortfall to pay of £50.85.

However, because he claims PIP daily living, he is not subject to the SRR and can receive the full 1 bedroom LHA rate which is £92.98. This leaves a weekly rent shortfall to pay of £19.32. Because this is more than the under-occupation penalty of £15.72, this is the rate of Housing Benefit that would be applied.

Future affordability checks will need to be take these changes into account.



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Social Housing HB capped at LHA rates

Examples of how the changes impact different claimant groups:

Example 5

Mrs Thomas is 72 years old and wants to transfer from a 3 bedroom house in Wroxham to a 2 bedroom bungalow in Foulsham. Mrs Thomas currently claims Housing Benefit which covers all her rent.

Mrs Thomas is not subject to the under-occupation penalty because she is over retirement age.

However, Mrs Thomas will be subject to LHA in 2018 because pensioners are not exempt.

The rent for the 2 bedroom bungalow is £98.39 per week. The maximum amount of help available for Mrs Thomas is £92.98 because she only needs 1 bedroom. (1 bedroom rate for the Central Norfolk & Norwich BRMA). Mrs Thomas will need to pay £5.41 per week towards her rent from 1st April 2018.

Tenants will need to be reminded that this reform also applies to Pension Age claimants as previous reforms have been applicable to Working age only



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Discretionary Housing Payments (DHP)

- *Financial assistance for claimants receiving HB or UC Housing Costs element who required extra help to pay their rent shortfall.*
- DWP allocate LAs a DHP budget each financial year- LA can top up to a max of 2 & ½ times if they choose.
- DWP have confirmed DHP funding will continue to 2020/21 to assist with the impact of LHA reforms, Bedroom Tax & Benefit Cap.

2016/17 Government funding for DHP- Cambs & Pboro

Local authority	Government allocation
Cambridge City	£188,942
South Cambs	£142,256
East Cambs	£94,415
Huntingdonshire	£183,384
Fenland	£160,738
Peterborough	£405,246

Government announced in Spring budget £800m will be made available for DHP over the next 5 years :

2016/17	2017/18	2018/19	2019/20	2020/21
£150m	£185m	£170m	£155m	£140m



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Differences under Universal Credit

Main differences between the current Housing Benefit system & Universal Credit:

- Set rate for non dependent deductions -£68.68 per month (Highest deduction under HB scheme £98.75 per week!)
- DWP have real time data so the process should be easier for claimants with fluctuating income.
- Mixed age couples will now need to claim the benefit applicable to the youngest unless already claiming Pension age benefits. (Opposite to the old system) This could mean more households are subject to 'Bedroom Tax'
- No 4 week run on when someone starts work
- No allowances for overlapping liability when someone moves home
- Changes to timescales for temporary absences
- Housing costs for specified accommodation continue to be covered by HB



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Welfare Reforms- others benefit changes in 2016

- 4 year benefit freeze
- Increase in personal tax allowance £10,600 pa to £11,000 pa
- Living wage £7.20 p/hr for over 25s from Apr 2016
- 1% rent reduction for most social housing
- 30 hours of free childcare for lone parents or couples who both work- Sep 2016
- Roll out of UC full service
- UC calculation changes- reduced work allowance, self employed minimum income floor, increased childcare element
- Tax credit- reduction to earnings increase disregard from £5000 down to £2500
- Pensions- no new Pension Credit Savings element awards for claimants reaching PC age after 06/04/15. No new assessed income periods. New flat rate State Pension.



Money Matters Officer

- Help with a range of money, benefit & debt matters for Circle Housing Roddons tenants
- Staff training/ staff queries
- Financial Inclusion projects- helping residents prepare & cope with changes
- **Referrals-** Please gather as much information as you can on the referral form to help identify the priority of the referral e.g. Action needs to be taken by a certain date



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Any Questions?



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