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EREWASH



Your guide to **Welfare Reform changes 2013**



Benefit changes April 2013

Do you claim Housing Benefit?
Are you of working age?
Classed as under-occupying?

Then the Welfare Reform
Act will affect you.



Council Tax Support (Replacement for Council Tax Benefit)

From 1 April 2013 the Government is abolishing Council Tax Benefit. Councils are required to devise their own local Council Tax Support schemes to replace Council Tax Benefit.

The Government is reducing the grant it pays to Councils to fund assistance with Council Tax Support by at least 10%. Erewash Borough Council currently awards approximately £8.5 million Council Tax Benefit each year. We currently receive most of the money we spend on Council Tax Benefit back from Central Government via subsidy payments.

A 10% cut in Government grant means Erewash Borough Council will have to find savings or increase revenue by in the region of £850,000. Changes to Council Tax discounts and exemptions have been proposed to reduce this.

Erewash Borough Council are proposing a percentage cut from benefit entitlement. The percentage cut for all those of working age in receipt of Council Tax Support Scheme (previously Council Tax Benefit) will be 8.5% Per Year.

Example:

Please be advised that the following examples are for people that are in receipt of full Council Tax Benefit. Therefore under the new Council Tax Support Scheme you could typically expect to pay:

Band A Full charge amount	To Pay (8.5%)	Band B Full charge amount	To Pay (8.5%)
Non Parished Areas £982.70 (Ilkeston, Long Eaton)	£83.52 Per Year £1.61 Per Week	Non Parished Areas £1146.47 (Ilkeston, Long Eaton)	£97.45 Per Year £1.87 Per Week
Sandiacre £988.63 (Parished Area)	£84.03 Per Year £1.62 Per Week	Sandiacre £1153.38 (Parished Area)	£98.03 Per Year £1.88 Per Week
Draycott £992.07 (Parished Area)	£84.33 Per Year £1.63 Per Week	Draycott £1157.41 (Parished Area)	£98.37 Per Year £1.89 Per Week
West Hallam £997.75 (Parished Area)	£84.81 Per Year £1.65 Per Week	West Hallam £1164.02 (Parished Area)	£98.94 Per Year £1.91 Per Week
Band C Full charge amount	To Pay (8.5%)		
Non Parished Areas £1310.27 (Ilkeston, Long Eaton)	£111.37 Per Year £2.14 Per Week		
Sandiacre £1318.17 (Parished Area)	£112.04 Per Year £2.15 Per Week		
Draycott £1322.77 (Parished Area)	£112.43 Per Year £2.16 Per Week		
West Hallam £1330.33 (Parished Area)	£113.08 Per Year £2.18 Per Week		

This leaflet gives general guidance only and should not be treated as a complete and authoritative statement of the law.



Under-Occupation rules for Social Housing

From 1 April 2013 working age tenants who have more bedrooms than they need will see a percentage reduction in the amount of rent used in their Housing Benefit calculation.

Therefore you will receive less benefit.

Will this apply to everyone?

No. This will not affect you if:

- You, or your partner, are of Pension Credit qualifying age
- You live in selected types of temporary accommodation
- You have a shared ownership tenancy

How do I know if my home is too big?

You are allowed one bedroom for:

- Every adult couple
- Any other adult (16 or over)
- Any two children of the same sex aged under 16
- Two children under the age of 10 whether they are a boy or a girl
- Any other child
- A carer who does not normally live with you but provides you or your partner with overnight care
- Foster children and children who normally live elsewhere are not counted.

Why not try the online Bedroom calculator for social housing tenants to see if you are affected. This can be accessed by visiting www.erewash.gov.uk and clicking on our Welfare Reform pages.

How much of my benefit will be cut?

- If you have one 'spare' bedroom your Housing Benefit will reduce by at least 14%.
- If you have two or more 'spare' bedrooms your Housing Benefit will reduce by at least 25%.

What can I do now?

If you are worried about paying your rent from April 2013 you should seek advice now. If you don't pay your rent you could lose your home.

You could:

- Talk to your landlord about moving to a smaller home. Housing Association tenants call your landlord.
- Consider taking in a lodger. Call 0115 9071010 to see how taking a lodger in may affect your benefits. You will need to talk to your landlord if you are thinking about this.

- Go to www.exchangelocata.org.uk/ where you can register your details and search for properties that are more suitable for your needs so you can swap properties with someone else. Erewash Borough Council also has a Housing Options Team that

could assist you in locating a smaller property. Call them on 0115 9072244 ext 3590.

- You can get in touch with your local Citizens Advice Bureau or other local advice agencies.

Example 1 - Currently

Your weekly rent is £100.00 and you are living in a 4 bedroom house with a son aged 17 and two daughters aged 5 and aged 10. As you get Income Support you have £100 Housing Benefit and do not have to pay anything towards your rent.

From 1st April 2013

You are only entitled to Housing Benefit at the 3 bedroom rate as your daughters will be expected to share a bedroom. You have 1 spare room. The total amount of rent taken into account is restricted to £86.00 (£100 – 14%). This means you will need to pay £14 a week towards your rent. Your son then moves out so you now have 2 spare bedrooms. The total amount of rent taken into account for Housing Benefit is now restricted to £75.00 (£100.00 minus 25%) so you will have to pay £25.00 a week towards your rent.

Example 2 - Currently

Your rent is £78.04 a week and you live in a 3 bedroom house with your partner, your daughter aged 6 and your son aged 3. As you get Job Seekers Allowance (Income Based) you get £78.04 a week Housing Benefit and do not have to pay anything towards your rent.

From 1st April 2013

You have 1 spare bedroom as your children are required to share a bedroom. Your rent is restricted to £67.11 (£78.04 – 14%). This means that you will have to pay £10.93 a week towards your rent.



Benefit Cap

In 2013 there will be change in respect of the maximum amount of Welfare Benefits that a claimant can receive. The implementation of this will be phased in during the summer until the end of September. The exact date for Erewash is not yet known.

Currently there is no limit to the amount that a customer can claim through Welfare Benefits.

The Benefit Cap is being introduced to ensure that claimants of Benefit do not receive a greater income than the average working family.

The change will put a limit on the amount that can be claimed, these are:

- £350 per week for single adults with no children
- £500 per week for couples (with or with children) or lone parents.

Income used in calculation

Below is a list of the income that will be used in the calculation for the cap

- Out-of-work benefits (Jobseeker's Allowance, Income Support and Employment & Support Allowance, except where the Support Component is in payment);
- Housing Benefit (HB);
- Child Benefit and Child Tax Credit;
- Universal Credit (from October 2013); and
- Other benefits such as Carer's Allowance and Maternity Allowance.

It is proposed that where a member of the household is receiving the income detailed below then they will not be subject to the cap and can potentially claim an amount above these levels. These incomes are

- Working Tax Credit
- War Widows or Widowers Pension
- Disability Living Allowance (to be replaced by Personal Independence Payment in April 2013)
- Attendance Allowance
- Constant Attendance Allowance
- Support Component of Employment Support Allowance

How will the cap work?

It is proposed that the cap will be applied at the point of awarding Housing Benefit as this is generally the final Benefit to be awarded. This means that customers who are currently getting Housing Benefit (possibly paid directly to the landlord) will have the cap applied and a reduced amount of Housing Benefit awarded.

Local Housing Allowance Changes (LHA)

From January 2013 anniversary dates for LHA will cease and there will be no further changes to LHA rates.

From April 2013 the LHA rates will be set annually and increases will be based on the Consumer Price Index (CPI) rather than on actual rents. Uprating will take place at year end ready for April 2013. Rent increases will now be allowed during the year. For example:



The Benefit Cap Calculator can be used to find out if the benefit cap will affect you. This can be accessed by visiting www.erewash.gov.uk and clicking on our Welfare Reform pages.

- Rent of £100 a week for a two bedroom house with LHA rate of £110, we pay £100. In April 2013 the LHA rate is reassessed on the LHA rate of £112, we continue to pay £100 as this is the actual rent charge we can't pay above the LHA amount.
- In June 2013 a rent will increase to £120 per week. As this is higher than the LHA rate of £112 we would only pay £112 as we can't pay above the LHA rate. This change would take effect from the Monday following the of the rent increase, (so long as this change was notified within one calendar month of the date of change).

Other changes

Child Benefit

From 07th January 2013, a new income tax charge will be applied where a person has an individual income of over £50,000 and they or their partner gets Child Benefit. This will be applied as extra income tax payable by the person whose income is above £50,000. The amount of the charge will depend on how much that person's individual income exceeds £50,000. Further information can be accessed by visiting www.erewash.gov.uk and clicking on our Welfare Reform pages.

Incapacity Benefit

Incapacity Benefit is being replaced by Employment and Support Allowance. All claims will be reassessed. Further information about Employment and Support Allowance can be accessed by visiting www.erewash.gov.uk and clicking on our Welfare Reform pages.

Disability Living Allowance

For working age people, Disability Living Allowance will be replaced by Personal Independence Payments gradually from April 2013. There will be no automatic transfer from Disability Living Allowance to Personal Independence Payments. Everyone will need to make a new claim eventually. Further information about Personal Independence Payments can be accessed by visiting www.erewash.gov.uk and clicking on our Welfare Reform pages.

Tax Credits

Working Tax Credit has been removed for couples who work less than 24 hours a week. Tax Credit backdates have been reduced from 3 months to 1 month. Further information about Tax Credits can be accessed by visiting www.erewash.gov.uk and clicking on our Welfare Reform pages.

Pension Credit qualifying age

The Pension Credit qualifying age is gradually increasing to 68. To find out the date from which you qualify, you can use the Pension Age Calculator that can be accessed by visiting www.erewash.gov.uk and clicking on our Welfare Reform pages.

Jobseekers Allowance (JSA) Sanctions

Since 22nd October 2012, the Government reduces or withdraws Jobseekers Allowance (JSA) for up to 3 years for claimants who:

- Lose their job because of misconduct
- Voluntarily leave employment
- Do not apply for employment
- Do not accept a job offer
- Are not actively seeking work
- Do not participate in mandatory work experience, Government employment programmes or training schemes
- Do not attend appointments with advisers at the Jobcentre.

For more information download the Jobcentre Plus Factsheet by visiting www.erewash.gov.uk and clicking on our Welfare Reform pages.