

Welfare Reform



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Welfare Reform Act 2012

- Welfare reform aims
- Who is affected?
- What are the changes?
- How will they affect us?
- What are we doing to mitigate them?
- Future Welfare changes

Welfare Reform Act 2012



- Welfare Reform Act became law on 8th March 2012
- Creating the right incentives to get more people into work by ensuring work always pays
- Protecting the most vulnerable in our society
- Delivering fairness to those claiming benefit and to the taxpayer

Who is affected?

- Working age – 18 to 61 (currently)
- Pension credit age – mostly unaffected
- Couples of mixed ages (working and pension age)

What are the Changes?

- Non-dependant deductions
- Bedroom tax
- Benefit cap
- Council tax support
- Disability Benefits (Disability living allowance moving to Personal Independence Payments)
- Universal Credit

Non-Dependant deductions

- Not increased for many years until April 2012
- Increasing above inflation to catch up

Bedroom Tax



- Working age claimants affected
- Under-occupied by one bedroom
 - 14% of full eligible rent deducted from HB
- Under-occupied by two bedrooms or more
 - 25% of full eligible rent deducted from HB

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 regardless of sex aged under 10
- Any other child aged under 16
- A non-resident carer (claimant/partner have disability and need overnight care)

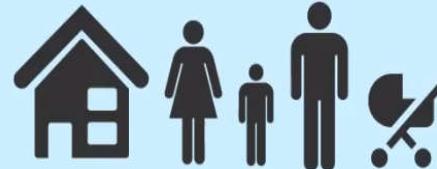


A cap will be put on benefits for **non-working** households

£500
per week

OR

£26,000
per year



Benefit Cap

- Working age claimants
- Non working households
- “No household will receive more in benefit than the average earnings of working households after tax”
- £350 pw single claimants
- £500 pw couples and lone parents
- Deducted from Housing Benefit first

Universal Credit

- Gradual introduction from October 2013-2017
- Simplify the system - 1 single benefit
- Improve work incentives
- Smooth transition into and out of work
- Includes Housing costs (housing benefit)!
- Direct to individuals

Universal Credit cont...

- Monthly payment
- Paid in arrears
- Apply online
- Vulnerable safeguards

Housing costs – Pension age – from October 2014?

- Housing Credit – administered alongside Pension Credit
- Rules similar to HB/Universal Credit:
 - Bedroom Tax doesn't apply for social housing tenants
 - No cap on the total payment
 - Pension age social housing tenants can choose whether rent is paid to self or landlord
 - Migration completed by October 2017

What are we doing?

- Working with Local Authorities
- Welfare Officers recruited
- Budgeting and financial inclusion
- Pre sign up
- Signposting
- Talking to tenants now
- Stock and resident profiling
- Targeting individuals affected

Cont...

- Communication action plan
- Piloting Direct payments (Shropshire)
- Incentives for moving/swapping/mutual exchanges

Future changes

- Further cuts to the welfare bill?
- Information is being released all the time about future change

Questions