



Haringey Council

Welfare reform changes

Northumberland Park and White
Hart Lane Area Forum

Tuesday 9 April

What we will be focusing on

- Welfare Reform
 - Context
- Under occupation (social housing)
- Overall benefits cap
 - Impact in Haringey
- Universal Credit

Welfare reform

- Series of changes to the welfare system, aiming to:
 - reduce the welfare bill
 - ensure workless households are not better off than working households
 - provide an incentive for those on benefits to obtain work
 - simplify the system
- Welfare Reform Act, 2012

Welfare Reform



- Some changes already
 - From April 2013
 - Abolition and replacement of the old Council Tax Scheme
 - Changes to social fund
 - Uprating Act, 2013 – 1%
 - Under occupation (social housing)
 - Overall benefits cap
 - Universal credit from October 2013
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Under occupation (social housing)

- New size criteria for housing benefit claims in social housing
 - Working age Housing Benefit recipients
 - Reduces the amount of HB that a tenant can receive if they are deemed to have a spare room
 - Reductions:
 - 25% reduction if home is under occupied by 2 or more bedrooms
 - 14% reduction if home is under occupied by 1 bedroom
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Size criteria



- One room for each adult or couple
 - Children under 16 of the same gender expected to share a room
 - Children under 10 expected to share regardless of gender
 - Disabled tenant or partner who needs a non resident overnight carer will be allowed an additional room
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Who is affected?

- All working age HB claimants who are deemed to have at least one spare bedroom, including:
 - Parents whose children visit but aren't part of the household
 - Couples who use the spare bedroom when recovering from illness
- Estimated Haringey figures:
 - 1,233 Council tenants & 565 Housing Association tenants – 1 bed
 - 423 Council tenants & 282 Housing Association Tenants – 2 or more



Affected households can:



- Find work or increase hours
- Make use of any unused bedrooms
 - Take in a lodger
- Move to smaller accommodation
 - Housing register transfer
 - Mutual Exchange/Homeswapper
- Find a way of funding the top up
- Discretionary Housing Payment (DHP) in exceptional cases
 - £215,981 funding

Overall Benefits Cap

- Haringey, Enfield, Bromley and Croydon chosen by the DWP to implement the overall benefits cap first
- 15 April 2013
- National roll out in the summer
- Discussions and negotiations with the DWP on minimising the impact of being in phase 1

What is the Benefits Cap?



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- Most workless households of working age will have overall benefits ‘capped’ at the equivalent of UK median earnings
- Applies to the combined income from JSA/ESA, Housing Benefit, Child Benefit, Child Tax Credit and Carer’s Allowance.
- £350pw for single people and £500pw for all others, including lone parents and couples with or without children
- No allowance for the number of children in the household or the impact of tenure, size and location of the property

Exemptions

- Households receiving Working Tax Credit (16/24 hours)
- War widows/widowers
- Households containing someone receiving DLA (Personal Independence Payments)
- Households that are receiving Constant Attendance Allowance

Impact on tenants (based on DWP scan)

Benefit deduction (per week)	Number of households affected
More than £400	15
£300 - £400	33
£200 - £299	103
£100 - £199	243
£50 - £99	267
Less than £50	355

Lone parent with 3 children (aged 3, 7 and 11). Council tenants paying £125 per week for a 3 bedroom property in Wood Green.

Income Support

£71.00

Child Tax Credit

£165.70

Child Benefit

£47.10

Housing Benefit

£125.00

TOTAL £408.80

Receiving less than
£500 per week in
benefits so no impact

Lone parent with 3 children (aged 3, 7 and 11), living in a 3 bedroom private rented property in Tottenham paying £300 per week rent.

Income Support

£71.00

Child Tax Credit

£165.70

Child Benefit

£47.10

Housing Benefit

£300.00

TOTAL £583.80

Total benefits exceed £500 by £83.80 so HB received will be reduced to £216.20.

Couple with 7 children (sons 16, 14, 12 & 8; daughters 10, 6 & 4). Council tenants paying £154pw for a 5 bed home in Tottenham

Income Support

£111.45

Child Tax Credit

£420.00

Child Benefit

£100.70

Housing Benefit

£154.00

TOTAL £786.15

Income received in benefits exceeds the cap by £286.15 so no HB will be payable (50p for admin reasons). No way to deduct the rest from other benefits so family will receive £632.65.

When they move onto Universal Credit they will receive one payment of £500.

Most affected households

- Over 400 private tenants and almost 300 TA residents (over 60 Council tenants and almost 200 HA tenants)
- 355 households have 3 children, 189 have 4 children, 114 have 5 children and 62 have 6 or more children
- 29 households on our current scan will only be entitled to 50p in Housing Benefit
 - 13 are renting privately
 - Households include 145 children

What can affected households do?

- DWP solutions - affected households can:
 - Take up work
 - Reduce non rent expenditure
 - Move to cheaper accommodation
- Discretionary Housing Payments (DHP)
 - £2,422.506 in total (£1,353.357 for benefit cap)
 - Not enough to help all affected households
 - Not a long term solution
 - DHP Policy

Introduction of the cap



- Letters have been sent to affected residents by the DWP
 - From 15 April 2013 the cap will be introduced for new and existing claimants via a deduction from Housing Benefit
 - DWP will send a list of cases to be capped to the Housing Benefit Service – case will be capped and household written to
 - Advice and support available
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Welfare Reform Practical Support Hub

- Multi agency team
 - Advice line for households or concerned professionals - **0208 489 8600**
 - Financial Advisers & Support Workers
 - Support to apply for exempting benefits
 - Negotiations with landlords
 - If need to move, resettlement and tenancy support
 - Co-location with Job Centre Plus
 - Advice on employment options, training schemes, removing barriers to work
 - Housing Benefit Service joining
 - Input from Children's Social Care & Health
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Assessing the implications



- Impacts on children and families
- Impact on Council's finances
- Impact on affordability and use of social rented housing
- Limited options available to families
- Impact on overcrowding
- Risk of increasing homelessness
- Impact on schools, GPs etc if families move
- Disruption to communities and networks
- Unforeseen consequences

Universal credit

- Single payment for households seeking work or on low incomes
 - Paid monthly to claimant
- Pathfinder from April 2013 (3 more in July)
- Nationally from October 2013 all new claims and changes of circumstances will be dealt with as Universal Credit.
- April 2014 to October 2017 – all existing claimants migrate to Universal Credit.

Questions?



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