

5.2 Relationship between benefits and social housing

There have been a number of major changes to the Housing Benefit Scheme since April 2013.

Changes in April 2013 included the introduction of the new under occupation rules that affects tenants living in Social Housing. The amount of Housing Benefit that council tenants and housing association tenants can get if their home is considered too large for their needs has been cut. The rules only affect people of working age (pensioners are not affected). It is commonly referred to as the 'bedroom tax'. Housing Benefit is based on the number of bedrooms a household needs.

The new rules allow one bedroom for:

- a couple (married or unmarried)
- any person aged 16 or over
- two children under 16 of the same sex
- two children aged under 10 regardless of gender
- any other child (other than a child whose main home is elsewhere)
- people who need an overnight carer
- adult children in the Armed Forces (they are treated as living at home even if deployed on operations)
- disabled children who are unable to share a bedroom with a sibling due to a severe disability.

This has meant that tenants may get less help towards rent and service charges if tenants are assessed under these rules as having more bedrooms than the household needs. The rent allowed will be reduced by:

- 14 per cent if there is one extra bedroom
- 25 per cent if there are two or more extra bedrooms.

The other major change that impacted on housing benefit claimants was the introduction of the Benefit Cap in August 2013. This was rolled out by the DWP from August 2013 in Barking and Dagenham. The benefit cap sets a limit on welfare payments, so that the total amount of benefits that can be received by any individual or family will be limited to a maximum amount of £26,000 per year:

- £500 per week for single parents and couples with children
- £350 per week for single people.

This is reducing to £23,000.00 in the autumn of 2016:

- £442.31 per week for single parents and couples with children
- £296.35 per week for single people.

Housing benefit will be reduced to prevent the total benefits received going above these limits. The cap applies if claimants are out of work and claiming benefits such as income support, employment and support allowance and jobseeker's allowance. Housing benefit counts towards the maximum amount of benefit that can be paid; the

cap does not apply if a claimant works enough hours to be eligible for working tax credit.¹

The following benefits are included in the benefit cap:

- housing benefit (unless living in supported housing)
- income support (IS), jobseeker's allowance (JSA) **and** employment and support allowance (ESA)
- child benefit and child tax credits
- guardian's allowance
- carer's allowance
- maternity benefits and widows benefits paid by the Department for Work and Pensions (DWP)
- Severe disablement allowance
- Incapacity Benefit

Further information on benefits can be found on the [Welcome to GOV.UK](#) website.

Benefits not included in the cap

- One-off benefit payments e.g. grants and loans from the social fund.
- Maternity and adoption benefits paid through an employer.
- Free school meals

When the benefit cap does not apply

- Families receiving [working tax credits](#)
- 39 week 'grace period' for anyone who has been in work continuously for 12 months and loses their job through no fault of their own.
- People who are not of working age (exemption if over the [state pension credit age](#)).
- War widows or war widowers who receive associated pensions:
- There is also an exemption if a household receives the following [disability benefits](#):
 - disability living allowance (DLA) (from April 2013, personal independence payments);
 - attendance allowance (AA);
 - the support component of employment and support allowance (ESA);
 - industrial injuries benefits.

Child maintenance payments are not counted as income when the benefit cap is calculated.

April 2013 also saw the introduction of Council Tax Support; Council Tax Benefit has been replaced by Council Tax Support in Barking and Dagenham. The change happened because the government passed responsibility for helping residents to local councils. The new arrangement means that all residents who are getting

¹ Government welfare Reform Changes 2011/12 www.gov.uk

Council Tax Benefit will automatically be moved onto the new 'Council Tax Support Scheme'. Government changes mean that there is less money for this scheme therefore everyone of 'working age' must pay some Council Tax. Under the new scheme, about 13,000 households that have never paid Council Tax before will now have to do so. Approximately 4,000 low-income households will still get Council Tax Support to help pay part of their bill. People over State Pension age and students will not be affected by these changes.

London Borough of Barking & Dagenham's scheme for 2016/2017 is that any resident under State Pension Age can only claim up to 75% of their Council Tax Bill.² Universal Credit is a new single payment for people who are looking for work or on a low income. Universal Credit will help claimants and their families to become more independent and will simplify the benefits system by bringing together a range of working-age benefits into a single payment. It is being rolled out between 2013 and 2017 It started being rolled out within Barking and Dagenham from July 2015 and will eventually replace:

- income-based Jobseeker's Allowance
- income-related Employment and Support Allowance
- Income Support
- Child Tax Credits
- Working Tax Credits
- Housing Benefit

The main differences between Universal Credit and the current welfare system are:

- Universal Credit will be available to people who are in work and on a low income, as well as to those who are out of work
- most people will apply online and manage their claim through an online account
- Universal Credit will be responsive – as people on low incomes move in and out of work, they'll get ongoing support, giving people more incentive to work for any period of time that is available
- most claimants on low incomes will still be paid Universal Credit when they first start a new job or increase their part-time hours
- claimants will receive just 1 monthly payment, paid into a bank account in the same way as a monthly salary
- support with housing costs will go direct to the claimant as part of their monthly payment

Other changes that have occurred;³

- Disability Living Allowance has started to be replaced by [Personal Independence Payment](#) for people aged 16 to 64
- Social Fund is being reformed to introduce a [new local assistance scheme](#) which is now administered by the Barking and Dagenham's Local Emergency Support Service 'LESS'. In 2013 the DWP stopped paying social fund crisis

² LBBD CTS scheme 2015 www.lbbd.gov.uk

³ Government legislation changes 2011 www.gov.uk

loan and community care grants. LESS is a council funded service helping low income Barking and Dagenham residents aged 18+ in times of extreme hardship and need. LESS has two services for Financial Help – provided & decided by [LESS](#), their website explains [terms and conditions of entitlement](#)

Discretionary housing payments (DHP) may be granted to pay for a shortfall between housing benefit and rent. This may include when housing benefit has been reduced due to:

- the '[bedroom tax](#)'
- the [benefit cap](#)
- rules restricting rent for single people to a [shared accommodation rate](#)
- changes to [local housing allowance](#) rules
- a [non-dependant deduction](#) being applied (e.g. for grown up sons or daughters living with parents).
- Assistance with help towards moving costs

Other changes introduced in 2016 that will affect Housing Benefit are as follows

- Withdrawal of the family premium in Housing Benefit, £17.45 when a claimant has one or more dependent children. This came into effect on the 1st May 2016. Removal of the family premium will affect both new claims and new births from 1 May 2016.
- Backdating of Housing Benefit claims for working age claimants has reduced from six months to a maximum of four weeks
- Main rates of working age benefits and tax credits have been frozen for four years
- Local Housing Allowance rates have also been frozen for 4 years
- New State Pension from 6th April 2016, if claimants have the full 35 qualifying years of National Insurance contributions then claimants will receive £155.65, if they have between 35 and 7 years then they will receive a pro rata amount. If they have less than the minimum amount of years then they will not qualify for the single tier pension
- Reduction of temporary absence allowable from current 13 weeks to 4 weeks maximum, due in the Autumn of 2016
- End of Assessed Income Periods for Pension Credits along with Pension Savings Credit being abolished for new claimants from April 2016.

5.2.1 Impact of the changes in housing benefits ⁴

Following the changes in welfare reform; the council has assessed the impact to local people

- A total of 1,495 tenants of which 1,072 are council tenants and registered social landlord tenants have been affected by the under-occupation changes.
- 533 households have been adversely affected by the Benefit Cap of which 225 are Council Tenants. From autumn 2016 the reduction in Benefit Cap will affect an additional 473 households.
- 98.31% of the DHP budget was paid out in the year 2015/2016 with the local authority receiving 1,835 applications.
- Budget for 2016/2017 has increased from £749,453.00 to £904,425.00, an increase of £154,972, 17%.
- The council tax support scheme has seen 13,000 households receiving a council tax bill where one has not been received previously.
- At the end of 2012/13 a total of 1,200 council tax cases were being collected via an attachment to benefits, this amounted to a debt of £385k. At the end of 2014/15 this had increased by 102% to 2,500 cases totalling £640k. At the end of 2015/16 this has increased to 2,544 cases totalling £661K. A 2% increase from 2014/15.
- The need to issue reminders for missed payments increased from 38k issued in 2012/13 to 50k in 2014/15, an increase of 30%. The number of reminders issued in 2015/16 increased to 52,616 an increase of 5% on the previous year.
- The need to summonses taxpayers for non payment has increased from 10,500 in 2012/13 to 14,300 in 2014/15, a 34% increase. Summonses have increased in 2015/16 to 15,599 an 8% increase on the previous year.
- Customer contact has increased significantly with phone calls about Council Tax increasing by 35% to 78k calls and calls about Housing Benefits and Council Tax Support increasing by 27% to 50k calls. Calls have increased in 2015/16 to 112K for Council Tax and 78K for Housing Benefit and Council Tax Support claims, an increase of 44% and 36% respectively.

⁴ HB STATS LBBD

Welfare reform remains in a period of flux and assessing all the impact of changes and also the interdependencies of changes is difficult.

5.2.2 Implementation of the changes

From the increased number of DHP applications being received a picture is being built up of how the Borough is being affected by welfare reform; it is expected that in 2015/2016 as the DHP budget is stretched a fuller picture will be seen.

The changes are national and the requirement is for the Council to implement them. The changes affect claimants wherever they live.

Proactive work in engaging residents affected by the changes remains a priority and is acknowledged as a corporate issue. There is a Welfare Reform Strategic Board and a number of operational groups that are coordinating the work.

Recommendations for the Commissioners

At this stage specific recommendations for commissioners cannot be made. It will be necessary for detailed monitoring of the impact of welfare benefits changes to be undertaken in order to develop specific recommendations to address the impact on the residents of Barking and Dagenham.