Waltham Forest Council

Welfare Reform & Localised Council Tax Support

Date September 2012
Areas to be covered

Changes in 2013

1. Total Benefit Cap (working age)
2. Bedroom Tax – Social Sector tenants only (working age)
3. Localised Social Fund
4. Localised Council Tax Support
5. Universal Credit
Total Benefit Cap

- Couples and lone parents £500
- Single people £350
- Commence April 2013
- LBWF around 1,300 identified as possibly impacted
- Letters sent to them by DWP
- Letters sent to them by LBWF also
- Spread is roughly 50/50 between private sector and social sector
Total Benefit Cap exemptions

All households which include someone receiving:

- Disability Living Allowance
- Industrial Injuries Disablement Benefit
- Personal Independence Payment
- The support component of ESA
- Attendance Allowance
- War Widows or War Widower’s pension
- Households receiving Working Tax Credit

- Grace period of 39 weeks for households with someone employed for previous 12 months
## Total Benefit Cap

### Potential impact in WF

<table>
<thead>
<tr>
<th>Impact (Per Week)</th>
<th>All Tenures</th>
<th>Private Rented</th>
<th>Social Rented</th>
<th>Not Known</th>
</tr>
</thead>
<tbody>
<tr>
<td>£0 – 10</td>
<td>117</td>
<td>57</td>
<td>57</td>
<td>3</td>
</tr>
<tr>
<td>£10 – 50</td>
<td>293</td>
<td>128</td>
<td>159</td>
<td>6</td>
</tr>
<tr>
<td>£50 – 100</td>
<td>310</td>
<td>151</td>
<td>154</td>
<td>5</td>
</tr>
<tr>
<td>£100 – 150</td>
<td>187</td>
<td>91</td>
<td>91</td>
<td>5</td>
</tr>
<tr>
<td>£150 – 200</td>
<td>101</td>
<td>52</td>
<td>47</td>
<td>1</td>
</tr>
<tr>
<td>£200 – 300</td>
<td>92</td>
<td>48</td>
<td>44</td>
<td>0</td>
</tr>
<tr>
<td>£300 – 400</td>
<td>21</td>
<td>10</td>
<td>9</td>
<td>2</td>
</tr>
<tr>
<td>£400 – 500</td>
<td>7</td>
<td>3</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>£500 – 650</td>
<td>8</td>
<td>3</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1135</strong></td>
<td><strong>543</strong></td>
<td><strong>567</strong></td>
<td><strong>25</strong></td>
</tr>
</tbody>
</table>
Size Criteria – Bedroom Tax

April 2013- affects Social Sector

Housing Benefit claimants in Social Sector housing will have their benefit reduced if they are under occupying:

1 Bedroom 14% reduction
2 or more bedrooms 25% reduction
Localised Social fund

- Currently administered by DWP

- Purpose of the social fund is to help people:
  - Obtain basic household good & furniture, or
  - Meet a short-term crisis (e.g. food/bills)

- Transferring to local authorities from 1 April 2013

- We will develop our own scheme to deliver support locally
Background

- Council Tax Benefit (CTB) helps low income households pay their council Tax.
- It is a national means tested benefit delivered by local authorities on behalf of central government.
- Not cash limited - increases in expenditure is fully funded by government.
Background 2

- 5.9 million households receive CTB – more than any other means tested benefit and tax credit
- Average CTB award £15.69 per week
- National annual cost of CTB is £4.9 billion
Localised Council Tax Support scheme

Spending Review 2010 – announcement:

• Support for Council Tax (for working age) to be localised from 2013/14 (1st April)

• Funding of scheme to be reduced by 10%

• Part of a wider Welfare Reform and localisation agenda

• Loss for WF estimated at £3m – affects 19,354 claimants
Principles used for draft scheme

Principle 1: Every working age adult should pay something.

Principle 2: The scheme should incentivise work.

Principle 3: Every adult of working age in the household should contribute.

Principle 4: Support should not be given to those with relatively large amounts of capital or savings.

Principle 5: Some income that is currently not counted for Council Tax Benefit, should be counted in the new scheme.

Principle 6: A Discretionary Fund should be created to help protect the most vulnerable.
## Proposed Options for consultation

<table>
<thead>
<tr>
<th>Option 1</th>
<th>Draft Scheme</th>
<th>Option 2</th>
<th>An alternative model</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Savings £3 m</strong></td>
<td>Use the existing Council Tax Benefit scheme but reduce the maximum level of support available to 85% of someone’s eligible Council Tax. This scheme shares the burden of funding cuts amongst all working age people in receipt of support.</td>
<td><strong>Savings £3.6m</strong></td>
<td>Continue the existing Council Tax benefit scheme but make changes to up to 4 elements of that scheme to achieve the required savings:</td>
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<tr>
<td></td>
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<td>• Reduce the maximum level of support available to 90% of someone’s eligible Council Tax.</td>
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<td></td>
<td>• Include Child Benefit as income in the assessment of Council Tax Support.</td>
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<td></td>
<td>• Reduce the savings limit for getting support from £16,000 to £6,000.</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>• Remove 2nd Adult Rebate.</td>
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</table>
Consultation - have your say...

Important changes to Council Tax Benefit

www.walthamforest.gov.uk/localcounciltaxsupport
Consultation

- Consultation (online) live from 30 July to 30 September
  [www.walthamforest.gov.uk/localcounciltaxsupport](www.walthamforest.gov.uk/localcounciltaxsupport)

- Approximately 550 responses received so far

- Booklets available from libraries, the Customer Service Centre, Cedar Wood House, Housing Associations officers and Advice providers, CAB & Children's Centres.

- Final scheme will be decided by full council December 2012.
Universal Credit
October 2013 onwards


Working Age claimants will receive a single payment from the DWP, to cover:
• Personal allowance
• Amount for children
• Amount for housing costs
• Plus any other specific needs
Universal Credit 2
October 2013 onwards

Pensioner claims will be assessed and paid by the Pension, Disability & Carers Service (PDCS) – From 2014

UC will have a phased introduction, starting with new claims.

Existing claimants will continue to get Housing Benefit for a while from local authorities. Then will be transferred to the DWP in phases between 2014 – 2017
Any Questions