

Housing Benefit – the reforms

Claire Turner

Introduction

- Emergency budget June 2010 the government announced significant changes to HB and LHA
 - Resulting in an annual reduction of £2,810m of government help with housing costs, £2,745m of which will be made from savings to Housing Benefit
- The proposed changes to HB and LHA will affect social and private landlord's, tenants and strategic housing authorities
- How can organisations assess and minimise the impact the changes will bring?

Changes

- Eleven of the main changes outlined in this presentation
- Eight result in government savings
- Two result in new government expenditure
- One (Universal credit) will most likely result in additional government expenditure
- The savings proposals significantly outweigh the spending proposals

Capping the LHA

- Capping maximum LHA levels
 - £250 for a one-bed
 - £290 for a two-bed
 - £340 for a three bed
 - £400 for four-bed and larger properties
- Who will this affect?
 - Private rented sector
 - Social sector (if private sector properties are used to house tenants)
- Annual saving by government – £65m by 2014/15
- Date introduced – April 2011

Local Housing Allowance rates for Derby

- Local Housing Allowance rates for Derby as of March 2011 and new lower rates from 1 April 2011

Table of Rates						
	1 bedroom shared	1 bedroom self-contained	2 bedroom	3 bedroom	4 bedroom	5 bedroom
Rates at March 2011	£54	£86.54	£109.62	£129.92	£173.08	£207.69
Rates from April 2011	£51.57	£78.46	£99.23	£114.23	£159.23	This rate ends Apr 2011, so the rate will be the same as the 4-bed rate

Increasing non-dependant deductions

- Increasing non-dep deductions
 - No longer capped at £7.40pw for non-earners
- Who will this affect?
 - Social sector
 - Private rented sector
- Annual saving by government – £340m by 2014/15
- Date introduced – April 2011

Calculating LHA rates using 30th percentile of market rents

- Calculating Local Housing Allowance (LHA) rates using the 30th percentile of market rents rather than the 50th percentile
- Who will this affect?
 - Private rented sector
 - Social sector (where private rented properties are used)
- Annual saving by government – £425m by 2014/15
- Date to be introduced – April 2011 (Jan 2012 for existing claims)

Linking LHA to CPI

- Linking LHA increases to the consumer price index (CPI) rather than the higher retail price index (RPI)
- Who will this affect?
 - Private rented sector
 - Social sector (where private rented properties are used)
- Annual saving by government – £390m by 2014/15
- Date to be introduced – April 2013

HB limited – based on property size and need

- Limiting HB for working age tenants so that it only covers the size of the property they are judged to need
- Who will this affect?
 - Social sector (not private sector as size restrictions already apply)
- Annual saving by government – £490m by 2014/15
- Date to be introduced – April 2013

Single room rate

- Increasing the upper age limit for shared accommodation rate from 25 to 35 years old
- Who will this affect?
 - Private rented sector
 - Social sector (where private rented properties are used)
- Annual saving by government – £215m
- Date to be introduced – January 2012 new and existing claims

Local Housing Allowance rates for Derby

- Local Housing Allowance rates for Derby as of March 2011 and new lower rates from 1 April 2011

Table of Rates						
	1 bedroom shared	1 bedroom self-contained	2 bedroom	3 bedroom	4 bedroom	5 bedroom
Rates at March 2011	£54	£86.54	£109.62	£129.92	£173.08	£207.69
Rates from April 2011	£51.57	£78.46	£99.23	£114.23	£159.23	This rate ends Apr 2011, so the rate will be the same as the 4-bed rate

LHA Excess

- The £15 per week that LHA claimants can keep if they live in housing that is cheaper than LHA rates – abolished
- Who will this affect?
 - Private rented sector
 - Social sector (where private rented properties are used)
- Annual saving by government – £550m by 2014/15
- Date introduced – April 2011 for new and existing claims

Limiting total benefit payable

- Limit total amount of 'out of work benefits' to around £350 for a single clmt and £500 for a couple
- Who will this affect?
 - Private rented sector
 - Social sector
- Annual saving by government – £270m by 2014/15
- Date to be introduced – April 2013

Universal Credit

- Universal Credit - Housing benefits to be included as part of Universal Credit
- Who will this affect?
 - Private rented sector
 - Social sector
- Annual saving by government – n/a
- Date to be introduced – October 2013 for new claimants and phased in from April 2015 for existing claimants

Increased DHPs

- Increased discretionary housing payments
- Who will this affect?
 - Private rented sector
 - Social sector
- Annual expenditure to government – £40m by 2014/15
- Date to be introduced – October 2010

Additional bedroom for carers

- Additional bedroom for carers
- Who will this affect?
 - Private rented sector
 - Social sector (where private rented properties are used)
- Annual expenditure to government – £15m by 2014/15
- Date introduced – April 2011

Comprehensive Spending Review (CSR) – additional welfare cuts

- Withdrawing child benefit from higher rate tax payers – saves £2.5bn a year by 2014-15
- Cap household benefit payments at £500 a week (couple and lone parents) and £350 a week for single adults
- Time limit contributory Employment and Support Allowance for those in the Work Related Activity Group to one year – saves £2bn a year by 2014-15
- Radical new approach to tackling benefit fraud and error

Social landlords

- How will the reforms impact on your organisation and your tenants?
- Tenant profiling
- Tenancy audits
- Under-occupation
- Non-dependent deductions
- Benefits Direct
- Policies and procedures
- Rent arrears
- Transfer procedure/choice-based lettings

Social landlords ...(cont'd)

- Communication
- Review current services
- Train frontline staff
- Management and repairs services
- Allocations scheme
- Development programme