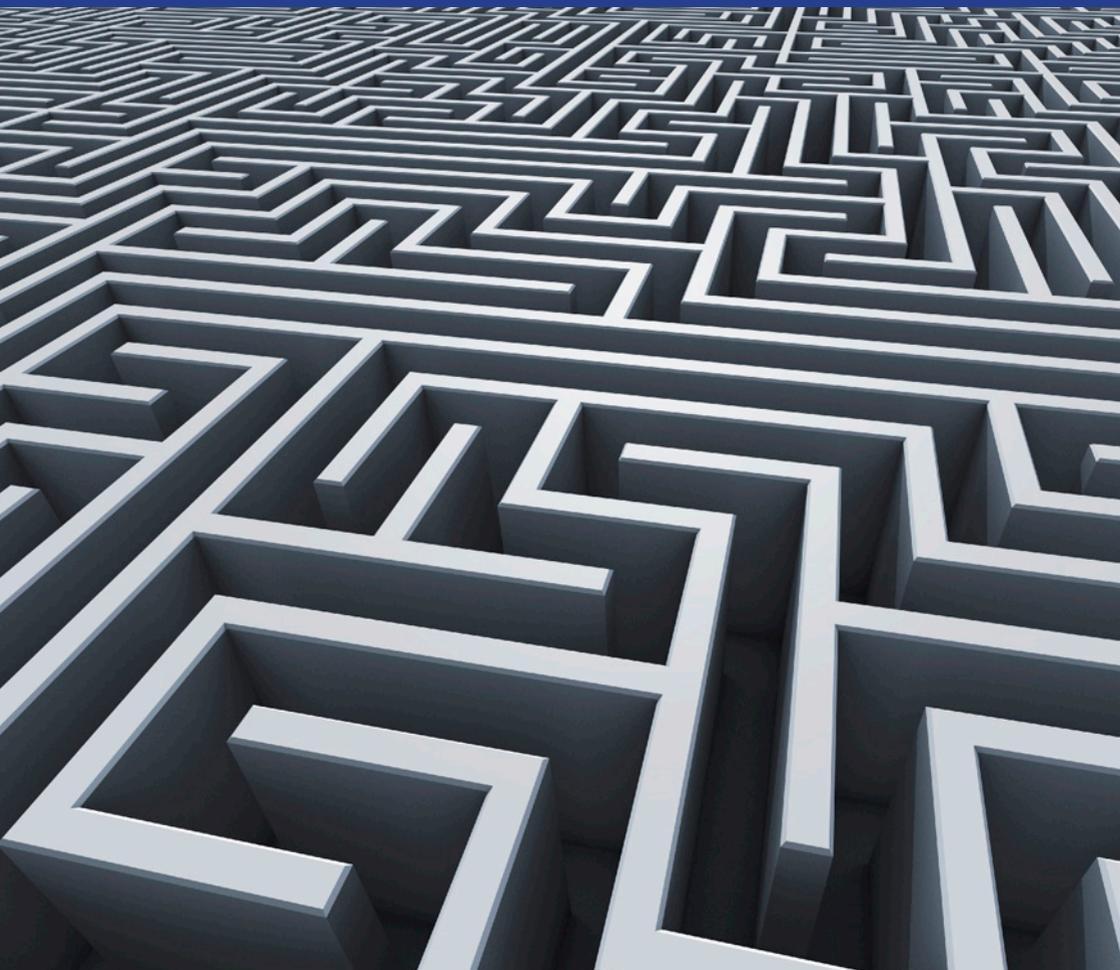


# Welfare Reform

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## POLICY BRIEFING

March 2013



We are a voluntary and membership organisation working with and for people affected by homelessness. We connect knowledge and expertise to improve policy, practice and perceptions of homelessness.



glasgow homelessness network

# Index

<b>1. Introduction</b>	4
<b>2. Overview of key changes</b>	
<i>Non-dependent deduction</i> .....	5
<i>Under-occupancy rules</i> .....	5
<i>Caps to Local Housing Allowance</i> .....	5
<i>Shared Accommodation Rate</i> .....	6
<i>Discretionary Housing benefit payments</i> <i>(applicable in both social and private rented sectors)</i> .....	6
<b>What is happening to Employment and Support Allowance?</b>	
<i>Time limits to contribution based ESA</i> .....	7
<i>Abolition of Youth Employment and Support Allowance</i> .....	7
<b>What is happening to the Social Fund?</b>	
<i>Devolution to the Scottish Government (update)</i> .....	7
<i>Links with Universal Credit</i> .....	7
<b>What are the regulations regarding benefit sanctions?</b>	
<i>National Benefit Sanctions, Civil Penalty - 1st October 2012</i> .....	8
<i>Job Seekers Allowance - Sanctions</i> .....	8
<i>Local Benefit Sanctions</i> .....	9
<b>What is happening to Disability Living Allowance?</b> .....	9
<b>What is Universal Credit? - Updated February 2013</b> .....	10
<b>Welfare Reform Update - February 2013</b> .....	11
<b>Universal Credit</b> .....	12
<b>Transition to Universal Credit</b> .....	13
<b>Universal Credit Pilots</b> .....	13



**Implementation Timeline** ..... 14

**Will there be a cap on how much a household  
can receive in benefits?** ..... 14  
*(updated January 2013)*

**What will happen to passported benefits?** ..... 15

**3. Further Information** ..... 16

# 1. Introduction

**1.1** The Welfare Reform Bill 2011/12 received royal assent on 8 March 2012 which means the content of the Bill has passed into law and will now be referred to as the Welfare Reform Act 2010-12.

**1.2** The purpose of this briefing paper is to provide GHN's member organisations with up-to-date information on the range of changes and impacts this Act will have on the UK's welfare benefits system.

**1.3** This is to offer basic advice and information that we hope can assist services to identify the potential impacts of the changes for people using their service.

For accessibility, this briefing focuses on the changes most likely to impact upon people affected by or at risk of homelessness, and so does not cover the full range of changes being proposed through welfare reform.

**1.4** This briefing follows a 'Frequently Asked Questions' format, and will be updated on a quarterly basis as further information on the elements of the Act become available. A list of references is provided if you would like further information on the key changes.

If you have any questions, comments or ideas on improving this briefing for future updates, please contact Johanna Speirs or Claire Frew at GHN :

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## 2. Overview of key changes

### What changes are being made to Housing Benefit?

If someone is currently claiming Housing Benefit and living in the Social Rented Sector (Housing Association or Local Authority), there are a number of proposed changes that may impact upon the amount of benefit they receive:

#### *Non-Dependent Deduction*

As of April 2011, if the tenant has a non-dependent living with them (someone who is over 18) then their Housing Benefit will be reduced with the reduction being calculated based on the employment status and income of the non-dependent. There are also a number of exemptions to the change laid out meaning that, in certain circumstances, the deduction will not be applied.

#### *Under-Occupancy Rules*

As of April 2013, people's Housing Benefit will be calculated based on the size of property that they need. This will mean that tenants who are under-occupying their property or living in a house deemed too big for their needs will have their Housing Benefit payments reduced. For example, a single person living in a two bedroom house will only receive Housing Benefit for a one bedroom house. If the tenant wishes to stay in the house they will have to make up the shortfall in rent.

If someone is currently claiming Local Housing Allowance and living in the Private Rented Sector there are a number of proposed changes that may impact upon the amount of benefit they receive:

#### *Caps to Local Housing Allowance*

A maximum amount has been set for Local Housing Allowance Rates depending on the size of accommodation people live in.



As of April 2011 the Local Housing Allowance rates for Glasgow were amended and are currently:

- £63.46 for shared accommodation
- £91.15 for one bedroom
- £114.23 for two bedroom
- £132.69 for three bedroom
- £196.15 for four bedroom

If someone's rent is above this rate (or if they live in a larger home with more than four bedrooms) and they want to continue to stay in the house they will be liable to make up the shortfall.

### *Shared Accommodation Rate*

The Shared Accommodation Rate with the Local Housing Allowance has been extended to everyone up to the age of 35, with a small number of exemptions. This means that everyone aged under 35 will be restricted to the rate for a single room in a shared house rather than the rate for a self-contained one bedroom home.

Those exempt from the extended Shared Accommodation Rate are:

- Homeless people who have lived in hostel accommodation for a least three months;
- People receiving severe disability premium of DLA;
- People who require an overnight carer.

### *Discretionary Housing Benefit Payments (applicable in both social and private rented sectors)*

Discretionary Housing Benefit can be paid to someone in receipt of Housing Benefit or Council Tax Benefit where the Local Authority decides that someone is in need of further financial assistance to cover housing costs.

Over the period of changes to Housing Benefit the UK Government will increase the budget for Discretionary Housing Benefit payments to alleviate issues arising from the changes.

## What is happening to Employment and Support Allowance?

From 27 October 2008 Employment and Support Allowance (ESA) replaced Incapacity Benefit and Income Support paid on incapacity grounds for new customers. People are either placed in the Work Related Activity Group – if they are assessed as capable of work if support is provided, or the Support Group – if they are assessed. People still claiming Incapacity Benefit are currently being re-assessed under the terms of ESA with plans to have this process completed by March 2014.

### *Time Limits to contribution based ESA*

As of April 2012 a limit of one year will be placed on the length of time a person can receive contribution based ESA if the claimant is in the Work Related Activity Group or assessment phase. People receiving contributions based ESA may be entitled to Income related ESA, a means tested benefit.

### *Abolition of Youth Employment and Support Allowance*

The specific arrangements which currently exist for young people, allowing them to claim Contributions based ESA will be abolished for new claimants as of April 2012. Existing claimants will only be allowed to claim contributions based ESA for 12 months.

## What is happening to the Social Fund?

The Social Fund currently consists of (1) Crisis Loans, (2) Community Care Grants, and (3) Budgeting Loans and is regularly accessed by people affected by homelessness.

### *Devolution to Scottish Government (Update)*

The Scottish Government consultation on Successor Arrangements for Community Care Grants and Crisis Loans closed on 28 October 2011. Local Authorities will administer Social Fund monies on an interim basis to ensure continued access to the funds when they are devolved in April 2013. The Scottish Government is working on final arrangements for the administration of the fund and will consult with stakeholders before finalising these arrangements.

### *Links with the Universal Credit*

As of April 2013, Budgeting Loans and the regulated Social Fund will be administered as part of the Universal Credit.

## Updated at October 2012:

### What are the regulations regarding benefit sanctions?

#### *National Benefit Sanctions, Civil Penalty - 1st October 2012*

If an individual or family fails to notify DWP of a change in their circumstances which then results in an overpayment of benefits they will be subject to a £50 civil penalty. This penalty will be taken from their benefit at source along with any other overpayments.

This civil penalty will also apply in cases where claimants negligently give incorrect information on their claim.

#### *Job Seekers Allowance - Sanctions*

New sanctions for Job Seekers Allowance (JSA) will be implemented from October 2012 prior to the introductions of Universal Credit (UC); upon the introduction of UC these sanctions will apply to 100% of the standard allowance, understood at this time to be the equivalent JSA element.

There are three levels of sanctions; high, medium and low. The level of sanction is based upon the type of failure the claimant commits; the higher level of failure the longer the sanction is applied:

	<b>1st Failure</b>	<b>2nd Failure</b>	<b>3rd Failure</b>
<b>High</b>	13 weeks	26 weeks	156 weeks(3 years)
<b>Medium</b>	4 weeks	13 weeks	13 weeks
<b>Low</b> <i>(up to the point of engagement plus)</i>	7 days	14 days	28 days

*\*2nd and 3rd failure sanctions are applied when they occur within 365 days of the previous sanction.*

Sanction decisions will be subject to an appeal to an independent tribunal.

A Hardship Fund will be available to households where a sanction applies and who are unable to meet their immediate basic needs as a consequence. Hardship will be paid only to those who meet their work search and/or preparation conditions and will be recovered when the claimant's payment is no longer liable to sanctions .

For further information on these sanctions and circumstances in which they will apply please go to: <http://www.dwp.gov.uk/docs/jsa-draft-regs-2012-memorandum.pdf>

### **Employment and Support Allowance (ESA) (Work Related Activity Group)**

A sanction will be applied if an individual:

- (a) Fails to attend or participate in one of the six Work Focussed Interviews, required as a condition of receiving ESA.
- (b) Fails to comply with a direction to carry out a work related activity.

Sanctions only apply to the Work Related Activity Component of the benefit (£28.15 in 2012/13), not the ESA basic rate.

### *Local Benefit Sanctions*

Housing Benefit and Council Tax Benefit are administered locally and policies relating to sanctions of these benefits are administered locally. If found to be fraudulently claiming either benefit Glasgow City Council's Sanction Panel will decide on the course of action to take.

## **What is happening to Disability Living Allowance?**

In April 2013 Personal Independence Payment (PIP) will replace working age Disability Living Allowance (DLA). The eligibility criteria for PIP is set to be much more strict than that of DLA. From April 2013 to 2016 everyone currently receiving DLA will be reassessed under the new PIP criteria to determine whether or not they qualify.

A list of proposed activities that people will be assessed and scored against to determine their eligibility for Personal Independence Payments can be found here:

<http://www.disabilityalliance.org/f60.htm#Appendix>

## What is Universal Credit? - Updated February 2013

From October 2013 Universal Credit replaces income based Job Seekers Allowance, income based Employment Support Allowance, Income Support, Child Tax Credits, Working Tax Credits, Housing Benefits and Budgeting Loan elements of the Social Fund.

Universal Credit will be one payment, paid monthly in arrears and will be paid directly to one person in the household. The payment of Universal Credit will depend on all elements of the payment being processed and the payment will not be made until every element has been processed.

For example, if a claimant is entitled to three elements; Employment Support Allowance, Disability Living Allowance (Personal Independence Payment) and housing payment element they will not receive a payment until all of these elements have been processed, Employment Support Allowance and DLA (PIP) may be processed within 10 days, however Housing Benefit is not processed for 5 weeks, the claimant will not receive a payment for 5 weeks.

### ***Supported Accommodation and Universal Credit***

Help towards housing costs for those living in support “exempt” accommodation will be provided outside Universal Credit. Exempt accommodation is defined in legislation as:

- a resettlement place
- accommodation provided by the Local Council, a Housing Association, registered charity or voluntary organisation where care, support or supervision is provided

This means that service users living in homelessness accommodation in Glasgow will not receive direct payment of their housing costs, this will continue to be paid to the service provider.



## Welfare Reform Update - February 2013

### Universal Credit proposed regulations - New at February 2013

The Department of Work and Pensions have released the proposed regulations for universal Credit. They outline the various groups into which people in receipt of Universal Credit will be placed:

**No work Related Requirements:**

Those in this category will not be asked to do anything to receive their benefits.

**Work focused Interviews Only:**

Those in this group will only have to attend interviews with a personal advisor.

**Work Preparation Group:**

Those in this group will be expected to take steps to make themselves ready for work, but will not be expected to apply for work or take up work.

**All Work Related Requirements:**

People in this group will be deemed ready for work and will be expected to spend the same amount of time preparing and looking for work as they could reasonably be expected to work, up to 35 hours per week.

### Universal Credit Volunteering - New at February 2013

There are currently no restrictions on volunteering for people claiming benefits; however this will change with the introduction of Universal Credit.

If an individual is placed into the “**All Work Related Requirements**” group the amount of time they can volunteer will be restricted to 50% of the time they are expected to be looking/preparing for work e.g., if they are expected to look/prepare for work 35 hours per week, they will be allowed to volunteer for a maximum 17.5 hours.

## **Universal Credit \*Updated November 2012\***

### ***Making a Claim***

Claims will only be accepted electronically or by telephone.

As a precursor to the introduction of Universal Credit and the move towards a more IT based system of benefit applications and delivery, the Department for Work and Pensions and Job Centre Plus are keen to promote the use of online applications to Job Seekers Allowance (JSA).

The online JSA form can be found at:

<https://www.dwpe-services.direct.gov.uk/portal/page/portal/jsaol/lp>

Universal Credit (UC) will be paid by BACS transfer; therefore all claimants must have a current account. A traditional Post Office card account is not a current account and cannot accept BACS transfers.

Individuals with a poor credit rating can access a Basic Bank Account. These accounts are used to store money, paying in and out, they have no overdraft facility and no in-credit interest applied.

### ***Payment of Universal Credit***

Grand Central Savings offer a number of basic bank accounts to people affected by homelessness; these range from a basic bank accounts to a homeguard account, which siphons off monies for rent, council tax and utilities bills at source, as a means of helping people to budget.

Grand Central Savings does not carry out the stringent address and identification checks carried out by high street banks and therefore may be more suitable to people who currently do not have a permanent address or access to any forms of identification.

More information on Grand Central Savings can be found at:

<http://www.grandcentralsavings.org.uk/History.htm>



## Transition to Universal Credit

From October 2013 all new claims will be made under UC with natural migration to UC also occurring for those people whose circumstances change from this time.

Anyone on the previous benefits system will be migrated to UC from June 2014.

## Universal Credit Pilots

12 Universal Credit pilots will run from Autumn 2012 to explore how local expertise can support residents to access Universal Credit. There are three pilots in Scotland:

- West Dunbartonshire Council
- North Lanarkshire Council
- Dumfries and Galloway Council

The pilots are intended to develop best practice methods in order to help individuals and families navigate the Universal Credit system, whilst building a picture of how best to support people who are not computer literate or have literacy issues.

The Local Authority areas have not yet released how each pilot will operate; this briefing will be updated as more information becomes available.

## Help with Budgeting and Finance

Government Ministers have called for the Government to investigate how families could be helped with budgeting and finance to ensure that their essential bills are paid from Universal Credit.

The Government are exploring a range of options to ease the change to four weekly payments to help combat financial exclusion; this briefing will be updated with more information as it becomes available.

## The timeline for implementation is:

May 2013	Universal Credit pilot begins.
October 2013	Universal Credit goes mainstream for all new claims.
October 2013 to 2016	Existing benefits claims migrated to Universal Credit.
June 2014	Managed migration to Universal Credit for those still on the previous system.

## Will there be a cap on how much a household can receive in benefits? \*updated January 2013\*

The UK Government is introducing a Household Benefits Cap which is designed to ensure that no workless family receives more in benefits than the average working household earnings.

Household Benefits Caps have been set at:  
£500.00 per week for couples and lone parents; and  
£350.00 per week for single people without children

The Household Benefit Cap will be introduced across four London Boroughs in April 2013 as part of a testing phase before the Cap is rolled out across the country in September 2013. The Cap will apply to the combined income of the main out of work benefits, plus housing benefits, child tax credit and child benefit. Any deductions will be made from Housing Benefit Payment until Universal Credit is implemented.

There are several exemptions to the Household Benefit Cap, including those households in receipt of:

- Working Tax Credit;
- Disability Living Allowance
- Personal Independence Payment (from April 2013)
- Attendance Allowance

More information on the Cap and exemptions can be found at:  
<http://www.dwp.gov.uk/docs/benefit-cap-factsheet.pdf>



## What will happen to Passported Benefits?

Passported Benefits are Scottish controlled benefits, such as free school lunches, legal aid, blue badge parking and free travel. Eligibility for these benefits is currently determined by receipt of a qualifying benefit e.g. families in receipt of Income Support are entitled to Free School Meals for their children.

When Universal Credit is introduced it will become more difficult to determine whether an individual or family is entitled to a passported benefit, as all benefits will be made in one payment. The Scottish Government has made a commitment to ensure that access to passported benefits is maintained for those who receive them now.

The Scottish Government recently ran a consultation on passported benefits. GHN's consultation response can be found here:

<http://www.ghn.org.uk/sites/default/files/Passported%20Benefits%20Consultation%20Final.pdf>

### 3. Further information

**The Welfare Reform Act 2010-12:**

<http://www.legislation.gov.uk/ukpga/2012/5/contents/enacted/data.htm>

**Information on changes to Employment Support Allowance:**

<http://www.dwp.gov.uk/adviser/updates/changes-to-contribution/>

**Information on Disability Living Allowance and Personal Independence Payments**

(including information on the proposed new scoring criteria):

<http://www.disabilityalliance.org/>

**Information on Glasgow Local Housing Allowance:**

<http://www.glasgow.gov.uk/NR/rdonlyres/BC49688B-F1AF-4836-AC10-9CA990027D6D/0/LHALEAFLETTOCUSTOMERS.pdf>

**For more information on benefits and eligibility criteria:**

<http://www.direct.gov.uk/en/MoneyTaxAndBenefits/BenefitsTaxCreditsAndOtherSupport/index.htm>

**For free and confidential money advice contact GAIN,**

**Glasgow's Advice and Information Network:**

<http://www.gain4u.org.uk>

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