

Welfare Reform: Key Measures

	When?	What is it?	How much will it save?	What does the Government say?	What do critics say?
Under-Occupation Penalty	April 2013	Under-occupying social housing tenants of working age will be hit by a tax of up to 14% of their housing credit if they have 1 spare room and up to 25% for 2 spare rooms. In monetary terms this is currently estimated to be £14 week deduction for 1 spare bedroom. Definition: 1 room for tenant and partner, 1 room for each child 16+, children under 16 will be expected to share with child of same gender. Children 9 or under can share with either gender.	Around £490m according to Government estimates.	The policy will help to reduce housing benefit expenditure and encourage tenants to either seek work or move, freeing up social homes.	The measure is a 'bedroom tax' on 670,000 of the poorest households as the Government's savings estimate is based on the assumption that few tenants will move. Working age is a changing figure – by 2013 the age will be 62.
<p>In Dudley we have 22,340 tenancies. As at November 2011 15.29% of our properties are under-occupied by tenants of working age who are in receipt of housing benefit.</p> <p>14/2/12 – The Lords voted to amend the under-occupation proposal to exempt certain vulnerable groups from the penalty if they have a spare room and there is no suitable alternative accommodation available. The Government will now have to decide whether to overturn amendment which Lord Freud said would cost the Government £100m.</p>					
Total Benefits Cap	April 2013	A total cap on household benefits of £500 a week for couples and lone-parent households and £350 a week for single person households. Certain households, including those receiving working tax credit and war widows, are	The Government estimates it will save £305m by 2014/15 – although it has made £130m available for discretionary payments to help people to help	The measure will save money but also bring fairness to the benefits system as workless households will not be able to receive more than the average working	The cap's one-size-fits-all nature means people in high rental areas will be disproportionately affected; the exclusion of child benefit from the

		excluded. An estimated 67,000 people will lose an average of £83 a week.	people not able to move immediately, thereby reducing the savings.	household receives in pay.	cap's calculation hits families with large numbers of children particularly hard.
Local Housing Allowance Changes	Increases based on the consumer price index from April 2013 instead of the retail price index: local housing allowance caps from April 2011 for new tenants and phased in for existing tenants from 1 January this year; 30 th percentile of rents from October 2011.	Rates for local housing allowance, paid to private tenants will be increased in line with the consumer price index measure of inflation instead of the higher retail price index. LHA has also been capped at between £250 and £400 according to property size and set using the bottom 30% of rents instead of the median.	The combined changes will save £740m by 2014/15 according to a Department for Work and Pensions impact assessment.	Overall cost of LHA must be controlled and the measure will also help to reduce private sector rents.	Thousands of families will have to move to less expensive areas; private landlords will simply refuse to let properties to benefit recipients.
Non-dependent Deductions	April 2012 April 2013	Where tenants have non-dependents living with them, lowest deduction will rise from £9.40 to £11.45. Highest from £60.60 to £73.85. Anticipated further increase of 25%	Predicted to make savings of £340m by 2014/15	Previous 10 year freeze and therefore a need to catch up.	The change will more than reverse the freeze over 3 years and then future increases will be linked to prices. This may encourage tenant to ask non-dependents to leave home or potentially commit fraud.

Shared Accommodation rate	January 2012 for new claims. Existing claims from claim anniversary date or end of transitional protection	Increases the age limit for share accommodation (payment of a single room rate) in the private sector from 25 to 35	£215m	This will encourage better use of private rented stock	It may force vulnerable people into shared housing that will not be appropriate to their needs. May increase the demand for one bed public sector accommodation.
Council Tax Rebate	Start Apr 2013	Current National scheme costing £5bn per annum to be abolished and replaced with a local rebate scheme administered by the local authority. Pensioners (equal 50% of our current caseload) are protected leading to other groups' benefit being cut by 21%. (or more if additional groups are protected e.g. families with children, the disabled).	There has been a 10% funding cut (£2.4m in Dudley) to be managed by the Authority.	Link to localism agenda, increased financial autonomy for Local Authorities, greater stake in economic future of area.	There is a risk because of the sanctions that Council tax has to recover debt including distraint that tenants will prioritise that payment over rent.
Universal Credit	Will be phased in gradually from October 2013	Combines several out of work means-tested benefits, tax credits and housing benefit into one monthly payment paid direct in most cases to tenants, which will be administered nationally by a new Department of Works & Pensions IT system using real-time tax information to automatically update claimants' entitlements will be paid directly into tenant's bank account.	It will cost £4bn to implement but is expected to save £2bn a year in administrative costs, the Government says.	The measure will simplify benefits and ensure claimants can see it always pays to be in work. A single, direct payment will encourage people to take responsibility for their finances. The measure will increase benefit entitlement for 2.8m	Claimants are not used to managing their benefit income and may not be able to budget effectively. Direct payment of benefit will hit social landlords' income. An electronic claim process may not work and could lead to a loss of face-to-face benefit advice.

		From October 2013 all new claims or where there is a break will transfer to universal credit. By October 2017 all claims will have been transferred. Universal credit to be claimed online or by telephone.		people, but reduce it for 2m.	
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