

A guide to Welfare Reform

*What you need
to know about
benefit changes*



Introduction to the guide

You might have heard a lot recently about changes to how the benefits systems work. It can be extremely confusing, and you might be unsure if you will be affected.

This handy guide gives you information about some of the main changes. Most benefits are changing in some way, and the changes are being announced all the time. This guide concentrates on the main changes which we know will affect a lot of our customers.

Some of the changes may mean that you will receive less money in benefits and you will need to budget for things such as your rent and other bills to make sure you don't run into trouble with your finances.

It's important that you start to prepare for the changes now,

to make sure that your rent is paid and you don't put your home at risk.

If you are in any doubt about how you will be affected, contact the Department for Work and Pensions or seek independent advice from a Citizens Advice Bureau or your Housing Officer.

Of course, if you don't receive any benefits at all, you may not be affected by welfare reform.

The government estimates that billions of pounds goes unclaimed each year by people who are entitled to benefits. See the useful contacts on page 10 for details of how to check your benefit entitlement.

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Please note

If you need this document translated or in a different format, large print, Braille or audio, please contact our customer service team on **0115 9166066** or email us at admin@tuntum.co.uk

Council Tax Benefit

Who will be affected?

Anyone of working age who claims Council Tax Benefit.

When?

April 2013

The detail

Council Tax Benefit is changing. The government has decided that local councils will set the rules for how benefits are administered, but they must make savings of around 10%.

It is possible that it will no longer be possible to get full Council Tax

Benefit in the future, and you will have to contribute to the shortfall yourself.

Ask your local council for details of their scheme.

The cap on benefits

Who will be affected?

Most households, with a few exceptions. Exceptions include those in receipt of: Disability Living Allowance, Personal Independence Payments, Attendance Allowance, Constant Attendance Allowance, Working Tax Credit and the support component of Employment Support Allowance.

When?

April 2013



The detail

The government has decided that there should be a limit on how much a family can receive in benefits. The amount has been set to match the average earnings in this country, and so it may change.

For couples with or without children and/or single parents, the limit has been set at £500 per week. For single people, not claiming as a couple, the amount has been set at £350 per week.

Don't forget to add up all of your benefits, including those that you might not normally receive yourself, such as Housing Benefit paid directly to your landlord.

If the amounts you receive add up to more than the amounts above, your benefit will be cut. This will be taken from your housing benefit and you will have to find the difference yourself.



It is likely that this will affect larger families most, for example those with four or more children.

If you think you might be affected, it is important that you start to budget now, so that when the benefit cap comes in, you can pay all of your bills.

The Department for Work and Pensions have written to everyone they believe is affected.

If you lose your job through no fault of your own (for example through redundancy), there will be a period of up to nine months before the benefit cap will apply.

Under-Occupation

Who will be affected?

All households below state retirement age.

It does not apply to households where the tenant and partner are above the state retirement age.

When?

April 2013

The detail

From April 2013, families of working age who under-occupy their property will have their housing benefit cut by 14% for one spare room and 25% for two or more spare rooms. This is also known as the bedroom tax.

The rules are as follows

- One bedroom for the tenant and their partner
- One bedroom for anyone aged 16 or over (such as a grown up child) or a couple over 16
- Anyone under 16 is expected to share a bedroom with someone of the same gender
- Anyone under 10 is expected to share a bedroom with someone else under 10, regardless of gender
- Foster children do not count as part of the household for benefit purposes
- Where there is shared custody of a child, where the child lives will be based on whoever receives the child benefit.

If you are disabled and have a need for a spare bedroom for a carer who doesn't live at your home, they may be entitled to a bedroom. The rules on this have not yet been decided.

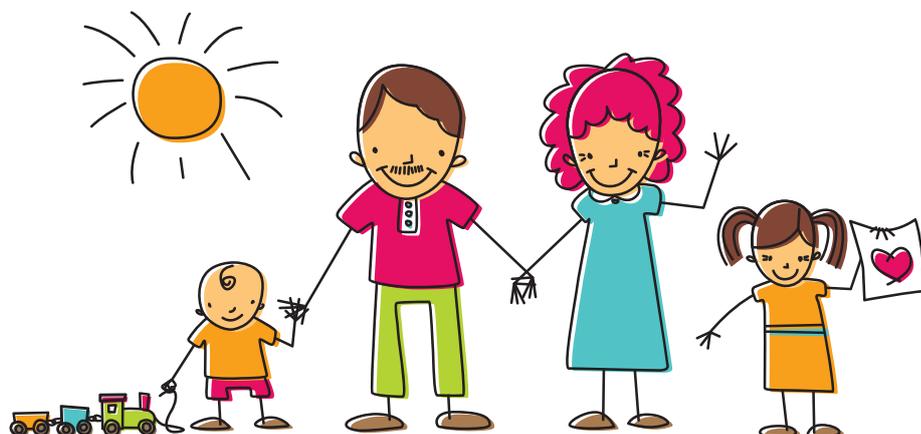
How much will I lose?

If you have one spare bedroom, your housing benefit will be cut by 14%. If you have two or more spare bedrooms, your benefit will be cut by 25%. You will have to make up any difference yourself.

The amount you may lose will depend on your rent charges.

To work out the amount, take your weekly rent and divide it by 100, then multiply it by the percentage stated above (either 14 or 25).

The table opposite shows some examples.



Weekly rent	1 spare bedroom	2+ spare bedrooms
£65.00	£9.10	£16.25
£70.00	£9.80	£17.50
£75.00	£10.50	£18.75
£80.00	£11.20	£20.00
£85.00	£11.90	£21.25
£90.00	£12.60	£22.50
£95.00	£13.30	£23.75
£100.00	£14.00	£25.00
£105.00	£14.70	£26.25
£110.00	£15.40	£27.50
£120.00	£16.80	£30.00
£130.00	£18.20	£32.50
£150.00	£21.00	£37.50

What can I do if I am under-occupying?

There are a number of things you can do. Although it might sound drastic, you might think about moving to a smaller property. It is likely that some of your other bills, such as heating costs, might go down too, leaving you better off.

If this is an option, you will need to think about it now, as there is no guarantee that a suitable property will be available, and you might have to wait.

If your tenancy agreement allows it, you could take in a lodger. You are not allowed to sub-let your entire property, but you could let one of the bedrooms.

However, be aware that the money you receive from the lodger might be counted as income if it is more than £20 per week. Contact your Housing Officer for advice.

Alternatively, you might decide that you can afford to pay any shortfall in your benefit yourself and take no action, making sure you keep your rent account up to date every week.



If you are affected by under-occupation (also known as bedroom tax), you may want to consider moving to a smaller property, also known as down-sizing, so your benefits are not reduced. The easiest way to do this is by a mutual exchange, which is swapping homes with another Housing Association tenant without having to wait for a property to become empty.

You can register for FREE at www.homeswapper.co.uk and search for properties available in your area. Find more information on our website www.tuntum.co.uk/housing/homes-to-rent/mutual-exchange

We're here to help

If you have any worries about the changes or think you might be affected and want to talk to someone, we're here to help. Please contact us on **0115 9166 066** or email admin@tuntum.co.uk

Under-Occupation: Some useful examples

For benefits purposes, are these families under-occupying their homes?

Number of bedrooms	Household		By how many rooms are they under-occupying?
3		Tenant age 45 Partner age 40 Male child age 3 Female child age 5	One. Children of different gender are expected to share until the age of 10
2		Tenant age 50 Partner age 52 (partner needs separate bedroom due to medically certified illness)	One. There is no provision for a spare bedroom in these circumstances
3		Tenant age 30 Partner age 30 Male child age 9 Female child age 8	One. Children are expected to share until the age of 10
3		Tenant age 50 Male child age 17 Male child age 14	None. Anyone aged 16+ is entitled to their own room
2		Disabled tenant age 40 Property specially adapted	One. There is no provision for a spare bedroom in these circumstances
2		Disabled tenant, age 35, with need for overnight non-resident carer. Property not specially adapted	None. A spare room is allowed for the carer in these circumstances. Adaptations have no bearing.
2		Tenant age 30 Foster child age 10	One. Foster children are not counted as part of the household for benefit purposes

The rules

- One room for the tenant and their partner
- One room for each person or couple over 16
- A child under 16 is expected to share with another of the same gender
- A child under 10 is expected to share with another, regardless of gender
- One spare room allowed for a disabled tenant or partner who needs a non-resident overnight carer
- Foster children are not counted as part of the household for benefit purposes.
- When a child is so disabled it would be unreasonable to share, they may be entitled to a room of their own.

Number of bedrooms	Household		By how many rooms are they under-occupying?
4		Tenant age 40 Partner age 42 Male child age 19 Male child age 12 Male child age 8 Male foster child age 10	One. Tenant and partner share one room, 19 year-old is entitled to a room, 12 & 8 year-old share as same gender, foster child is not counted
3		Tenant age 43 Female child age 10 (shared custody with partner who lives elsewhere)	Two, if other parent has the child benefit. Otherwise one. Child benefit is the test of occupation for benefit purposes regardless of custody arrangements
2		Tenant age 25 Partner age 25 (local lettings plan agreed with local authority allows let to couple in 2 bed flat)	One. Local lettings plans have no relevance.
4		Tenant age 30 Brother age 28 Male child age 9 Female child age 10	None. Children are not expected to share with another of the opposite gender when aged 10+
4		Tenant age 65 Partner age 63	None. Under occupation rules do not apply to people of state retirement age.
3		Tenant age 65 Partner age 58	None – under housing benefit rules only one partner needs to be over pension age. This changes under Universal Credit when both must be over retirement age – so in this example it would be two.

Non-Dependent Deductions

Who will be affected?

Any household claiming Housing or Council Tax Benefit that has another adult (aged 18+) living with them (not including the tenant's partner).

There are a few exceptions, which include people who are registered blind, and people receiving the care component of disability living allowance or attendance allowance. If the adult is receiving pension credit or under 25 and receiving certain benefits, they will also be exempt.

When?

Now, with more changes to come each year.

The detail

If you have an adult who is not your partner living in your home, they are expected to contribute to the running costs of the home, including any rental or council tax charges.

The council makes deductions from your benefit, which are called non-dependent deductions. The level of deductions depends on circumstances and ranges from £11.45 to £73.85 (or slightly more if you have a 48-week tenancy).

Non-dependent deductions from benefits are nothing new. The increase in deductions has risen sharply over the last two years because there had not been an increase for some time.

By 2013, the highest benefit deduction is likely to be around £90.00 per week from housing benefit. As it is your tenancy, you are responsible for paying the shortfall. We cannot make the individuals pay, as our tenancy agreement is with you.

The rules will change under Universal Credit to one flat-rate non-dependent deduction.

If your non-dependent leaves home, it is important to remember that if they leave a spare bedroom, there may be a deduction from your benefit for under-occupancy (see page 05).

Housing Benefit

Who will be affected?

All customers who claim Housing or Council Tax Benefit

When?

October 2013 to October 2017

The detail

Housing Benefit will be phased out between 2013 and 2017. Any new claimants after October 2013 will instead claim Universal Credit if they are of working age, or Pension Credit if they are above the state retirement age. Anyone over state retirement age who chooses to continue to work can also claim Universal Credit.

We do not know when customers who currently receive Housing Benefit will be moved over to the new system. It will be a gradual process. It could be as soon as next year.

Under the new Universal Credit system, customers will not be allowed to have housing costs paid directly to their landlord, as the government is encouraging people to manage their money themselves.

No exceptions have been announced by government yet, but there are some pilot programmes running this year to help make these decisions.

Everyone of working age should assume that they will have to manage their money themselves, which will include making sure rent is paid on time.



Universal Credit

Who will be affected?

Households of working age who claim in-work or out of work benefits.

These include Income Support, Income Based Job Seekers Allowance or Employment and Support Allowance, Housing Benefit, Child Tax Credit and Working Tax Credit.

When?

All new claims from October 2013. Existing claims will be moved over between October 2013 and October 2017.

The detail

The government is replacing a number of benefits to make the benefits system simpler. Only one claim will need to be made, and only one payment will be made.

The payment will be made monthly in arrears, so it is important that you budget for your money to last the whole month.

As your rent is due weekly in advance you will need to make sure that it is paid on time so you do not break the terms of your tenancy agreement.

You cannot pay your rent in arrears at the end of the month. You should therefore start planning for how you will make your first month's payment so that your rent account stays up to date.

You might decide to start putting small amounts of money away now to avoid being faced with a lot to pay when the change happens.

The easiest way to do this is to set up a Direct Debit. A Direct Debit form is enclosed for your convenience.

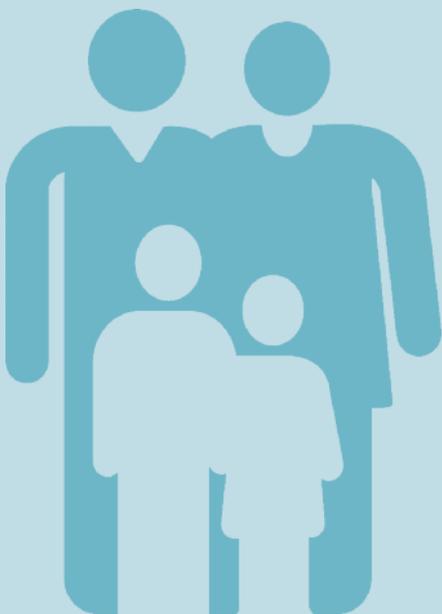
Claiming

Claiming Universal Credit will be different to the way you currently claim benefits. You will have to make your claim via the internet.

This is because all claims will be administered by the Department for Work and Pensions at a central location, rather than at your local council, Job Centre Plus or Benefits Agency. In very special circumstances it may be possible to claim by phone, but this will not be available to everyone.

The Department for Work and Pensions have told us that they may not accept notifications from Tuntum Housing Association about changes in rent, so you must ensure that you tell them or you will lose out on benefit.

There will be a lot more information on Universal Credit as we get closer to the start of the scheme.



Personal Independence Payments (PIPs)

Who will be affected?

Working age customers currently claiming Disability Living Allowance (DLA) and those who become eligible for support as a result of a disability.

When?

The pilot begins in April 2013, with all new claimants or existing claimants whose circumstances change being subject to PIP rules from June 2013.

All other DLA claimants will be gradually moved onto PIPs between early 2014 and late 2016.

The detail

The government recognises that people with disabilities experience barriers that can stop them leading a full and independent life.

Customers with a disability have to date been able to claim Disability Living Allowance (DLA) to help them overcome these barriers.

The new Personal Independence Payments will replace DLA. The new benefit is designed to provide similar help and be easier to understand. It should also be more financially sustainable, as there will be regular reviews to make sure people are assessed on their current needs.

DLA has a 'day' and a 'night' element, but PIP is assessed across the entire day. It has two parts: **Daily Living**, and **Mobility** – and each has two rates: **Standard** and **Enhanced**.

If you receive either Daily Living Allowance rate, you are entitled to apply for Carers' Allowance.

It has not yet been decided if the new lower rate mobility allowance will trigger the ability to access the Motability scheme, but the enhanced rate will still qualify.

The decision on any award will now be made by a 'Decision Maker' based on input from healthcare professionals (doctor, consultant, nurse or other medically qualified person).

Using the evidence provided, the Decision Maker will decide if an award is to be made, for how long and when a review should be conducted.



To qualify for the new PIP, you must:

- be of working age (16-64);
- have had a disability for three months prior to application and be expected to continue to have that disability for at least nine months after;
- pass residence and presence tests (i.e. you must have the right to remain in the UK and not be living abroad for more than 12 weeks of the year).

The qualifying period does not apply to terminal illness, in that situation you would receive the enhanced rate of benefit for the daily living component, but require assessment against mobility criteria.



Useful contacts

Department for Work and Pensions on **0845 605 7064** or Textphone **0845 608 8551** for people with hearing or speech impairments.

You can check to see if you are entitled to any benefits online at **www.entitledto.co.uk**

For online budget planners and calculators, free impartial and independent advice on how to manage your money better, go to the Money Advice Service website **www.moneyadviceservice.org.uk** or call **0300 500 5000**.

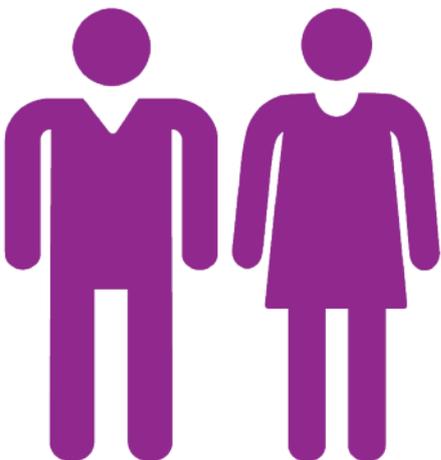
Tuntum will be contacting all tenants who will be affected by the changes over the next few months. If you have any concerns in the meantime, please contact your Housing Officer on **0115 9166 066** or email **admin@tuntum.co.uk**



An award can be made for less than two years (DLA was a minimum of two years) and up to a maximum of 10 years (whereas DLA could be awarded indefinitely).

The new benefit will be introduced in phases. Initially, the government will conduct a pilot scheme assessing a few thousand new claimants using the new PIP criteria. This is planned for April 2013.

In autumn 2013, any reviews and changes of circumstances relating to existing DLA claims will be assessed using the PIP rules. The Department for Work and Pensions intends to reassess all DLA claims starting early 2014 and hopes to finish by 2016.



Useful information

If you think some or all of these changes to the benefits system will affect you and the money you receive will reduce, you may want to think about starting to save a small amount each week or month. You can set up a 'Jam jar' account with a local Credit Union. They are a much cheaper and more ethical alternative to payday loans and doorstep lending.

Jam jar accounts allow customers to split their account balance into different 'jars' for spending, saving and bill payment and help improve budgeting. Jam jar accounts will automatically move money into the different 'jars' when you receive benefit payments.

Tuntum will offer a **FREE £10 starting credit** for each tenant who opens an account with **ANY** Credit Union. Just send us proof of your account and we will credit that account with £10.

For Credit Unions in Nottingham and Nottinghamshire, visit:

- Nottingham Credit Union www.nottinghamcu.co.uk or call **0115 828 3121**. Nottingham Credit Union covers the whole of Nottinghamshire, including Mansfield and Ashfield
- For Mansfield and Ashfield Credit Unions, visit: Maun Valley Credit Union <http://mvcu.webs.com> or call **01623 657108**

For Credit Unions in Derby and Derbyshire, visit:

- Derby United Credit Union <http://www.derbyunitedcu.com> or call **01332 369 641**
- Erewash Credit Union <http://www.erewashcreditunion.org.uk> or call **0115 900 0288**

For Leicester and Leicestershire Credit Unions, visit:

- Clockwise Credit Union <http://www.clockwise.coop> or call **0116 242 3900**
- Leicester Caribbean Credit Union Ltd, call **0116 251 2224**

For online budget planners and calculators along with free, impartial and independent advice on how to manage your money better, go to the Money Advice Service website: www.moneyadviceservice.org.uk or call **0300 500 5000**.

Disclaimer

There are a lot of changes being made to benefits and new information is being made available all of the time. This magazine is intended as a useful guide only, but should not be relied upon to make important decisions about your housing situation. You should seek independent advice from a solicitor, Law Centre or Citizens Advice Bureau if in any doubt.

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