

Welcome

Welcome to the first edition of Kettering Borough Council's Welfare Reform newsletter.

This newsletter will be updated and circulated on a regular basis and we hope that it will provide you with a useful source of information about the changes that are happening over the forthcoming years in Welfare Benefits and how it may affect you.

If there is anything you would like to see in this newsletter or you have questions about Welfare Reform then please email us on welfarereform@kettering.gov.uk or contact us on the details at the end of this newsletter.

Housing Benefits

Housing benefits has been subject to a variety of changes over recent years with most of the changes affecting tenants in the private sector, these include:

- **Local Housing Allowance (LHA) being restricted to four bedroom rate as a maximum from April 2011**
- **LHA being paid at a lower rate (the 30th percentile) from April 2011**
- **Single tenants under 35 having their maximum LHA lowered from January 2012**
- **LHA rates being frozen from April 2012 and then annually up rated from April 2013**
- **Non Dependant deductions increasing significantly, this affects all types of tenancies.**

In April 2013 two further significant changes will come in, as detailed below.

Benefit Cap

The benefit cap comes into effect from April 2013. The maximum amount of state benefit that a person under pension age can receive will be £500 per week for couples and £350 per week for single customers. The cap will be applied by a reduction in housing benefit so if a customer receives £450 a week in Income Support and child related benefits then the maximum Housing Benefit they will receive is £50. Other welfare benefits will not be restricted until the customer receives Universal Credit. The Department of Works and Pensions (DWP) plan to write to all potentially affected customers between the 4th May and the 22nd May 2012. Kettering Borough Council and local job centres will be looking at how they can best assist these customers, and a dedicated support line will be provided by the DWP.

The cap will not apply to pensioners, persons receiving Disability Living Allowance, the support component of Employment Support Allowance or in work who receive Working Tax Credits. There will also be a nine-month "grace period" during which the cap will not

apply to customers who have been in work for the previous 12 months and who lose their job through no fault of their own.

These details may change and we will update you through this newsletter.

Room Restrictions in the Social Sector

Historically customers in the private rented sector have been paid benefit based on the size of the property they require, this has not applied to the social sector.

From April 2013 this is changing for customers of a working age (pensioners are excluded). Where a customer in the social sector has more rooms than they require for the family that is normally resident there will be a restriction on the amount of benefit they receive of 14% if they have one bedroom too many and 25% if they have two or more excess bedrooms. Therefore a couple living in a 3 bedroom council house currently receiving £80 per week benefit will be treated as having two excess bedrooms and will have their benefit reduced to £60. Whether there will be a transitional period of protection for existing customers has not yet been confirmed.

Kettering Borough Council is due to start work on looking at their existing customers that may be affected and the benefits team will work closely with the housing teams to assist customers in dealing with this change.

Universal Credit

Universal credit is the biggest change in the welfare state for over 50 years. The proposed reforms will see a selection of different benefits abolished and replaced by one single award called universal credit. The benefits abolished will include Income Support, Job Seekers Allowance (Income based), Employment & Support Allowance (Income related), Tax Credits and Housing Benefit. The current timescale allows for Universal Credit to start for new claimants from October 2013, though in most cases Housing Benefit will be awarded on new claims until April 2014 for Working Age customers and October 2014 for pensioners. After these dates existing cases will be migrated across to Universal Credit by 2017. These dates are provisional and subject to change. Universal Credit will be paid monthly rather than fortnightly and generally by BACS; payments including housing credits (the replacement for Housing Benefit) will be paid in most cases direct to the customer, this includes council and housing association tenants whose housing benefit currently goes to their landlord.

Next Edition

In the next addition we will look at:

- **Abolition of Council Tax Benefit and the introduction of Localised Council Tax Support**
- **Abolition of Disability Living Allowance and the introduction of Personal Independence Payments**
- **Changes to Working Tax Credit**

Kettering Borough Council

Municipal Offices, Bowling Green Road, Kettering, NN15 7QX

Tel: **01536 410 333**. Email: **welfare@kettering.gov.uk**

www.kettering.gov.uk **www.kettering.gov.uk/benefitscalculator**

Kettering
Borough Council