



On 16 February 2011, the Welfare Reform Bill was introduced to Parliament legislating for the biggest change to the welfare system for over 60 years.

## Welfare Reform Bill

### How will you be affected?

The government believes that the changes will make the benefits and tax credits systems fairer and simpler by:

- Creating incentives to get more people into work by ensuring work always pays
- Protecting the most vulnerable in our society
- Delivering fairness to claimants and to the taxpayer

These changes will directly impact on people who are homeless and the services which support them. This Newsletter gives you a brief overview of the changes and their implications.

Universal Credit – to reduce the number of workless households by ensuring that work pays		
Proposed change		How it will affect you?
From October 2013, a one single income replacement benefit will be introduced for working-age adults. It unifies the current system of means-tested out of work benefits, Tax Credits and support for housing.	This policy will allow individuals to keep more of their income as they move into work and introduces a smoother reduction of their benefits when earnings increase.	DWP estimate that around 2.7m households will have higher entitlements as a result of Universal Credit and that in the longer-term, 1.7m households will receive lower entitlements as they progress into work.
From 2013, a limit on the total amount of benefits working-age people can receive will be introduced. Under this policy, <u>total</u> welfare payments will be limited to £500/week for couples and lone parent households and £350/week for single person.  These changes are so that workless families will no longer receive more in benefits than working households receive in average wages.  Excludes Carers Allowance, In work Credit, War Widows and Disability Living Allowance	Broadly, this policy affects 50 000 households – large families who are out of work with three or more children (80% affected) or those in high rent areas receiving large Housing Benefit payments.	If a £26 000 per annum benefit cap is introduced, 70% of the claimants affected live in London and 19% of claimants will lose out. Average losses in London are expected to be £71 a week.  Those affected will have to choose between taking up employment, reducing their non-rent expenditure or moving to cheaper accommodation.

## Housing Benefit (HB) - These changes intend to bring the cost of HB under control.

Proposed change		How it will affect you?
As of 2013/14, any claimant on JSA for over a year will see their HB entitlement cut by 10%	Withdrawn	N/A
From April 2013, Local Housing Allowance will be calculated relative to the Consumer Price Index (CPI) instead of the Retail Price Index (RPI)	As the CPI increases more slowly than the RPI, the amount of benefit paid will not reflect the average cost of goods and services.	You will not be able to purchase as much with each benefit i.e. households will find themselves priced out of better quality accommodation.  Landlords may in the long term decide not to rent to Housing Benefit tenants if the return is not advantageous.
From April 2011, Local Housing Allowance will be set at 30 <sup>th</sup> percentile of local rents instead of 50 <sup>th</sup> percentile.	Local Housing Allowance will be calculated based on the cost of a property that only costs 30% of the most expensive rental properties in the area.	Claimants will only be able to rent properties in the bottom one-third of the market.  It is estimated that 39% of Private Rented properties are occupied by claimants. Changes mean that claimants are at risk of being priced out of the Private Rented Sector and tenants may find their rent unaffordable.
From April 2013, working-age claimants will receive Housing Benefit (HB) based on the size of accommodation appropriate to their needs.	Housing Benefit will be cut for claimants living in accommodation considered too large for their needs.  The government hopes that this will free up accommodation for larger households.	HB claimants living in accommodation considered too large for their needs will have to make up the shortfall between the rent and their HB entitlement, resulting in rent arrears. Alternatively, they can move to smaller, cheaper accommodation. DWP estimates 670 000 HB claimants living in the social rented sector will be affected.
As of April 2012, the Shared Room Rate (SSR) will apply to people aged 35 and under (previously 25 and under).		The SSR also restricts the maximum HB a claimant can receive to the rate for a single room rather than a self-contained one-bedroom property.

## Job Seekers Allowance (JSA) and Employment & Support Allowance (ESA)

Proposed change		How it will affect you?
Claimants dependent on drugs will be required to sign up for rehabilitation	Withdrawn	Imposing sanctions on those who cannot or are unable to comply would not be the most effective way to meet clients' needs
Job Seekers will need to meet the requirements detailed in a commitment as a condition of entitlement to benefits.	The commitment will be clear about the consequences of failing to meet the agreed standards e.g. Work focussed interviews, Work Preparation and Work Search	The claimant commitment will be introduced across JSA and ESA before the introduction of Universal Credit.  Homeless people claiming ESA (in the Work Related Activity Group category) or JSA can expect greater pressure to prepare for and seek work.
Sanctions will be applied to claimants if they fail to meet the conditions of their entitlement	Proposals have been designed to encourage compliance with the conditions of entitlement and to make claimants aware of the results of non-compliance.  For jobseekers, this will facilitate work-search and movements into work.	Failure to prepare for work will result in a 100% reduction in JSA or ESA (applicable to jobseekers and those in the Work Related Activity Group of ESA).  Failure to actively seek employment or be available for work will mean that no benefit will be payable for a 2-3 weeks and for a second failure, upto 3 months.  Failure to accept a reasonable job offer, to apply for a job or to attend Mandatory Work Activity could result in JSA being stopped.  Failure to attend Work-focussed interviews could start with a 20% reduction in Income Support but can reach 100% for repeated failures.
The hardship system can provide financial support at a reduced rate where a benefits sanction is imposed.	In future, hardship payments will be recoverable except to those in a vulnerable position e.g. with a chronic medical condition.	Hardship payments for JSA or ESA claimants normally start 2 weeks after a sanction.

<p>Time limit Contributory Employment and Support Allowance to one year for those in the Work-Related Activity Group.</p> <p>Existing contributory ESA claimants as at April 2012 will have the time already spent on the benefit taken into account in calculating the 1-year time period. Those who have received a year or more contributory ESA as at April 2012 will see their entitlement cease immediately</p>	<p>Primary legislation in place by April 2012</p> <p>This time limit may increase the number of appeals against being placed in the WRAG rather than support category of ESA.</p>	<p>90% of people in the Work Related Activity Group on contributory ESA will be time limited.</p> <p>Homeless people who have been unable to find employment may see their entitlement end.</p>
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### Crisis Loans, Community Care Grants & Budgeting Loans

Proposed change		How it will affect you?
<p>Crisis Loans, Community Care Grants and Budgeting Loans will cease to exist. They will be replaced by locally administered assistance from Local Authorities e.g. support could take the form of a grant, loan (vouchers, cash) or assistance such as the loan of furniture or provision, via a charity, of reconditioned furniture.</p>	<p>It is likely that any support offered will be more integrated with other local services to provide a more coordinated approach.</p>	<p>Exact details of the proposed system are not yet available</p>
<p>Once the Universal Credit system is introduced, the government estimates that the demand for crisis payments will reduce.</p> <p>However, they will still be necessary as people move in and out of work so the new system will allow for an advance in benefit payments that will be repaid in future instalments from future benefit entitlements.</p>	<p>Crisis Loans are usually applied for whilst awaiting payment for a claim. Current proposals mean that Crisis Loans will be abolished.</p>	<p>Any advance payments would be deducted from future benefit payments - This will increase pressure on claimants who already struggle to balance their income and living costs</p>

### Disability Living Allowance (DLA)

Proposed change		How it will affect you?
<p>From April 2013, DLA will be replaced with a Personal Independence Payment (PIP) for new claimants.</p> <p>New assessments will be based on an individual's ability to get around and their ability to carry out key activities necessary to participate in daily life.</p>	<p>Objective assessments based on the impact of an impairment will replace automatic entitlements based on certain conditions</p>	<p>Current working-age claimants will start to be re-assessed from 2013/14.</p> <p>All awards will be reviewed more regularly.</p> <p>Work is taking place to design the objective assessments at the moment.</p>

Data source : <http://www.dwp.gov.uk/policy/welfare-reform/legislation-and-key-documents/welfare-reform-bill-2011/index.shtml>

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