Welfare Reform and Housing Benefit

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How are we simplifying the system?

Current system:
- Income related JSA
- Income related ESA
- Income Support (including SMI)
- Working Tax Credits
- Child Tax Credits
- Housing Benefit
- Disability Living allowance
- Pension credit

New system:
- Universal Credit
- Personal Independence Payment
- ... will include support for housing and children

Current system benefits that will remain:
- Child Benefit, Carer’s Allowance
- Council Tax Support (still considering how this will work)
- Contributory JSA and ESA (still considering how these will work)
A simpler system with clear work incentives

Universal Credit: lone parent with two children

Total in-pocket income

Universal Credit payment
Delivering Universal Credit: what do we know?

• Universal Credit will, ultimately, be ‘digital by default’

• for 2013, Universal Credit will be delivered using existing resources

• Close working between DWP, local authorities and HMRC. We are working with local authorities to define and agree their role in face-to-face delivery and to examine service integration.

• We recognise that Registered Social Landlords and Third Sector partners can play an important role in helping to support claimants through the transition to UC and ongoing.

• a strategic long term solution to be developed
Migration: what’s the plan?

• **Phase 1 October 2013 and April 2014:** 500,000 new claimants will receive Universal Credit in place of one of the old working age benefits or credits. At the same time a further 500,000 existing claimants (and their partners and dependants) will also move on to Universal Credit when their circumstances change significantly, such as when they find work or when a child is born.

• **Phase 2 April 2014 to around end of 2015:** will give priority to households who will benefit most from the transition, such as those Working Tax Credit claimants who currently work a small number of hours a week but could work more hours with the support that Universal Credit brings. Overall 3.5 million existing claimants (and their partners and dependents) will be transferred onto Universal Credit during this second phase.

• **Phase 3 end 2015 to end 2017:** will see around 3 million households being transferred to Universal Credit by local authority boundary. This phase will have the flexibility to respond to the circumstances of particular local authorities as they change and will focus on safeguarding financial support, such as Housing Benefit payments, to claimants as the old benefit system winds down.
Universal Credit and housing (1)

Housing Benefit will be:

• integrated into Universal Credit, over time
• potentially more broad brush in its approach - less tied to individual rents and with fewer exceptions
• available to pensioners through Pension Credit
• social sector - will build on current support provided by Housing Benefit and announced changes. No further change in short to medium term

We are currently considering policy for eligible service charges and non dependants
Universal Credit and housing (2)

Direct payments in Universal Credit

• Responsibility prepares people for the world of work:
  – managing your rent or mortgage is a social responsibility
  – progress has already been made through the LHA

• Private rented sector tenants will generally be paid as now

• Social-sector landlords need stable incomes:
  – Welfare Reform Bill pledges appropriate protection
  – Demonstration projects to commence June 2012
Our conversations with RSLs

RSLs concerns about UC

• Considerable concerns about direct to claimant rent payments and the possible impacts upon RSL incomes.
• Worries that some tenants, especially the most vulnerable, will not cope with the additional responsibility.
• Concerns about Financial Inclusion and online access.

RSLs strengths under UC

• RSLs commitment to maintaining tenancies and helping people to manage with paying rent “any eviction is a failure” (Knightstone).
• Considerable support services offered to claimants, including Financial Inclusion support and, in some cases, help with getting online.
• Help with work focus, and moving claimants away from welfare dependency.
Impact of the direct payment to tenant policy

- **35%** Working age adults, not claiming Housing Benefit
- **20%** Working age adults in receipt of a partial Housing Benefit payment
- **25%** Estimate of vulnerable group of working age adults claiming Housing Benefit
- **10%** Pension age tenants claiming Housing Benefit
- **10%** Working age adults claiming Housing Benefit & new to Direct Payments

All households in the Social Rented Sector, Great Britain
Direct payments - Demonstration projects

- The demonstration projects will run from June 2012 to June 2013, with a five-month lead in, starting from January 2012. Our partners are
  - Southwark Council and Family Mosaic
  - Oxford City Council and Oxford Citizens (part of the Greensquare Group)
  - Shropshire Unitary County Council and Bromford Group, Sanctuary Housing, and the Wrekin society.
  - Wakefield Metropolitan Borough Council and Wakefield and District Housing
  - Torfaen Borough County Council and Bron Afon Community Housing and Charter Housing.

- The purpose of the projects is to:
  - test the impact of various trigger points and safeguard mechanisms on social landlords
  - test the mechanisms to safeguard vulnerable groups, and trigger points for making payment to landlord; and support them, where possible into the transition to direct payments
  - test financial products and budgeting tools used by claimants for financial management
  - evaluate the claimant communication strategy used ahead of the demonstration project roll out to inform preparations ahead of Universal Credit implementation
  - Test the strategies adopted by social landlords to minimise the loss of income and maintain financial viability.
Conclusions

• Radical changes to the benefit system
• Move towards Universal Credit over time, with implications for delivery of housing services and costs
• Work in progress on final delivery model and face to face services for claimants (especially the most vulnerable).
• RSLs have (legitimate) concerns about how UC will impact upon them and their tenants.
• RSLs also have considerable strengths for helping tenants to succeed under UC
• Demonstration projects will test direct to claimant rent payments for social tenants and ways of mitigating associated risks
• UC Programme is keen to work closely with RSLs as the Programme evolves
Questions?