

Dear Tenant

**Welfare Reform Changes**

Thanks to all tenants that completed the LBWF questionnaire on Council Tax Benefits options on line and hard copy.

In this letter we will group the main headings of the changes with fresh information received from the government.

**Universal Credit**

**This will be introduced in October 2013 and will replace:**

* **Housing Benefit.**
* **Working Tax Credit.**
* **Child Tax Credit.**
* **Income Support.**
* **Jobseeker’s Allowance.**
* **Employment & Support Allowance.**

Any or all of the above benefits will be combined into one payment which will be paid monthly in arrears and only direct into a bank account.

Tenants who receive any of the above benefits will be affected and are urged to take necessary action in preparation for these changes.

**Opening a Bank Account**

With the Welfare Reform changes that are due to be phased in from 2013, some tenants will be affected by the method in which their benefit is paid. This will involve you having a bank account to receive benefits.

If you already have a bank account, then your benefits can be paid in directly, rather than via your Post Office account. If however you don’t have a bank account then you should consider opening one in preparation for the changes.

Some banks offer a ‘Jam Jar’ account which allows customers to split your money into separate pots for spending and bill payments. So once your benefit is paid in, your rent can be paid direct to the landlord.

Not all of the major banks offer this facility yet, but The Royal Bank of Scotland, Secure Trust Bank, Spectrum Payment Services and Think Banking Ltd do. However, these types of bank accounts do have a monthly fee.

Other options are to bank with a Credit Union or open an account with Allpay who is the organisation that delivers your money from the Post Office or Pay Point to the landlord.

If you would like further information, we can provide you with details, but we cannot recommend who you actually use.

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**Size Criteria - Bedroom Tax**

With The welfare Reform Act being introduced in April 2013, this gives the Government the power to introduce new size criteria also known as Bedroom Tax.

The size criteria/bedroom tax will apply if you are under the age of 61 and in receipt of housing benefit and under-occupying a property.

For example;

Those people in a 1 bed property, single applicant or couple under-occupying a 2 bed, will have a 14% reduction in their HB entitlement.

Those under-occupying a 3 bed property will receive a 25% reduction in their HB entitlement.

Any tenants who may be at, or above pensionable age (over 61) will be exempt from the new rules. However the new rules will still apply in the case of a couple, where one of them has reached the pensionable age and the other has not.

Currently the pensionable age is 61; however the Government has introduced proposals to increase the state pension age to 66 by 2020, leaving more people subject to the size criteria.

**Benefit Cap**

The welfare reform act gives the Government the power to cap the total amount of benefit which a single person or couple is entitled to. The cap will be introduced in April 2013 and will apply to the combined income from then out of work benefits, housing benefit, Child benefit and Child Tax Credit

The benefit cap means that people should not get more in benefit payments than the average wage paid to people in work.

The benefit cap of £26,000.00 a year will apply to people aged 16 to 64, also known as 'working age'. This is after tax and National Insurance has been taken off.

A household means you, your partner if you have one and any children you are responsible for and who live with you.

The benefit cap works out as:

**£500 a week for couples and lone parents.**

**£350 a week for single adults.**

Yours sincerely



**Jonathan Anuku**

**Housing Services Manager**

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