

Appendix 3 – Examples of the effect of the welfare reforms on benefit entitlement

Claimant A

Claimant A has 4 children and lives in private rented accommodation with a weekly rent liability of £220. Housing Benefit started in June 2010. Claimant A is in receipt of Income Support, Child Benefit and Child Tax Credits of £334.15 a week.

April 11

- Claimant A receives Housing Benefit of £235 pw. Claimant A is entitled to the maximum Excess Payment of £15 pw as Claimant A has found a house that is more than £15 less than the required 5-bed LHA rate of £335. Claimant A faces the following changes:

June 11:

- Excess Payment of £15 pw removed from 1st anniversary of claim after April 11

March 2012

- Transitional protection ends in March 2012 and Housing Benefit is based on 4-bed Local Housing Allowance rate of £183.46. Housing Benefit reduces by £36.54 pw

April 2013

- Localised scheme of support for Council Tax is likely to see reductions of around 18% for non-protected groups in Leeds. This would mean Claimant A facing a reduction in Council Tax support of around £3.17 a week (assumes Council Tax rises of 2.5%)
- Claimant A would also face a reduction in Housing Benefit because of the proposed £500 Benefit Cap. Claimant A's Income Support plus Housing Benefit and Council Tax is £532 a week before annual increases in April 2012 and April 2013. Housing Benefit would need to be reduced by £32 p.w. to ensure that total benefit did not exceed the cap.

Claimant A will see an overall reduction in benefits from £569 pw in April 11 with no Council Tax to pay to £500 pw in April 2013 with £3.16 a week to pay in Council Tax. Claimant A will lose £72.16 pw as a result of these changes

Once Claimant A migrates to Universal Credit it is expected that a single payment covering both Income Support and housing costs will be paid directly to Claimant A and be paid monthly in arrears. Currently Income Support is paid fortnightly and Housing Benefit 4-weekly.

Claimant B

Claimant B and her baby son moved into a 3 bed house in Leeds 12 in September 2010 and the claimant pays £117.69 a week. Claimant B is on Income Support and is entitled to the 2-bed rate of Local Housing Allowance of £126.58 per week. Because Claimant B is renting a property which is cheaper than the LHA rate, the claimant is entitled to keep the 'excess benefit' up to a maximum of £15. In this case the excess benefit is £8.89 pw.

- 24 September 2011: At the 1st anniversary of the claim, the excess benefit of £8.89 is removed
- 24 June 2012: Claimant B's transitional protection comes to an end and benefit is calculated based on 30th percentile LHA rates rather than 50th percentile. Housing Benefit reduces to £115.38 pw.
- April 2013: Localised scheme of support for Council Tax is likely to see reductions of around 18% for non-protected groups in Leeds. With a child under 5 Claimant B may fall within a protected group and, if so, there is unlikely to be a reduction in Council Tax support. However, once child is 5 Claimant B is likely to be faced with a reduction of around 18% in support for Council Tax.

Claimant B will lose £11.20 a week, increasing by a further £3.00 when child reaches the age of 5

Claimant C

Claimant C is a single person age 28, he pays £103.85 per week for a 1 bed self contained flat in Leeds 16. He moved to this property on 31.12.08. Claimant C works part-time and receives £95.04 Local Housing Allowance based on 1-bed LHA rate of £103.85 (Dec 09). Claimant C faces the following changes:

- Sep 2012 Claimant C's transitional protection ends and his Housing Benefit is now based on the Shared Accommodation Rate of £61 pw and his benefit will reduce by £42 a week.
- April 2013 Localised scheme of support for Council Tax is likely to see reductions of around 18% for non-protected groups in Leeds. This could mean Claimant C facing a reduction in Council Tax support of around 18%.- an increase in Council Tax payments in excess of £3.00 pw.

Claimant C will lose £45 a week as a result of the changes.

Claimant D

Claimant D and her 5 year old daughter moved into a 2 bedroom house in Leeds 11 in November 2009 with the help of Leeds Housing Options, following a period in temporary accommodation after she left her previous address following a burglary. Her rent is £124.62 and she gets £124.62 weekly LHA:

- November 2010: LHA rates increased and Claimant D's benefit increased to £126.58 giving Claimant D an excess of £1.96 a week.
- November 2011: Excess of £1.96 is removed on the 1st anniversary of the claim after April 11
- July 2012: LHA will be based on the 2 bed rate at the 30 percentile point and Claimant D's Housing Benefit will be £115.38 pw, leaving a shortfall of £9.24 pw
- April 2013: Localised scheme of support for Council Tax is likely to see reductions of around 18% for non-protected groups in Leeds. This could mean Claimant D facing a reduction in Council Tax support of around 18%.- an increase in Council Tax payments in excess of £3.00 pw.

Claimant D will lose in excess of £14.20 a week as a result of the changes.