

1ST JUNE 2016

SUBJECT:	BENEFITS CAP
DIRECTORATE:	CHIEF EXECUTIVE
REPORT AUTHOR:	ROB KAY, WELFARE REFORM LEAD

1. Purpose of Report

- 1.1 To provide management with an update on Benefit Cap, which DWP have announced for the shared service.

2. Executive Summary

- 2.1 This report provides notification on the potential impact of the Benefit Cap, which is due to be in place from Autumn 2016 and how DHP is expected to be used.

3. Background

- 3.1 The benefit cap was originally introduced in April 2013 and ensured that no household on benefits would receive more income than a family earning the average wage (£26,000 (£500 per week)). The cap for single claimants was set at £18,200 per annum (£350 per week).
- 3.2 Households with a resident receiving Disability Living Allowance (DLA) or Personal Independence Payments (PIP) are exempt from the cap, along with any household who is working enough hours to be eligible to claim Working Tax Credit (WTC).
- 3.3 The summer budget confirmed that the annual cap has been reviewed will be reduced to £20,000 (£384.62 per week). The cap for single claimants is to be reduced to £13,400 (£257.69 per week) from Autumn 2016. The previous exemptions will apply with the new rates, meaning disabled customers will not be affected. Below is an analysis of the potential impacts of the new cap in Lincoln and North Kesteven:

4. July 2015 predications for Lincoln and North Kesteven

4.1 Single Claimants

- 4.2 The figures below are based on the standard 2015/16 Jobseekers Allowance rates, and the applicable 2015/16 Local Housing Allowance rate.

Age of	Jobseekers	Housing	Total	Annual	Weekly cap
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claimant	Allowance	Benefit	income	income	
Under 25	£57.90	£58.90	£116.80	£6,073.60	£0.00

25-34	£73.10	£58.90	£132.00	£6,864	£0.00
35+	£73.10	£81.58	£154.68	£8,043.36	£0.00

4.3 Lone Parents

4.4 The figures below are based on a lone parent receiving the maximum Local Housing Allowance and Child Tax Credit amounts for 2015/16.

Household makeup	Jobseekers Allowance	Child Benefit	Child Tax Credit	Housing Benefit	Total income	Yearly income	Weekly cap
1 child/2 bed LHA	£73.10	£20.70	£63.77	£100.22	£257.79	£13,405	£0.00
2 children/2 bed LHA	£73.10	£34.40	£117.08	£100.22	£324.80	£16,889	£0.00
2 children/3 bed LHA	£73.10	£34.40	£117.08	£115.07	£339.65	£17,661	£0.00
3 children/3 bed LHA	£73.10	£48.10	£170.40	£115.07	£406.67	£21,146	£22.05
3 children/4 bed LHA	£73.10	£61.80	£170.40	£148.01	£453.31	£23,572	£68.69
4 children/3 bed LHA	£73.10	£75.50	£223.71	£115.07	£487.38	£25,344	£102.76
4 children/4 bed LHA	£73.10	£75.50	£223.71	£148.01	£520.32	£27,056	£135.70

4.5 Couples

4.6 The figures below are based on a couple receiving jobseekers allowance with the maximum Local Housing Allowance and Child Tax Credit rates for 2015/16.

Household makeup	Jobseekers Allowance	Child Benefit	Child Tax Credit	Housing Benefit	Total income	Yearly income	Weekly cap
1 child/2 bed LHA	£114.85	£20.70	£63.77	£100.22	£299.54	£15,576	£0.00
2 children/2	£114.85	£34.40	£117.08	£100.22	£366.55	£19,060	£0.00

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bed LHA							
2 children/3 bed LHA	£114.85	£34.40	£117.08	£115.07	£381.40	£19,832	£0.00
3 children/3 bed LHA	£114.85	£48.10	£170.40	£115.07	£448.42	£23,317	£63.80
3 children/4 bed LHA	£114.85	£48.10	£170.40	£148.01	£495.06	£25,743	£110.44
4 children/4 bed LHA	£114.85	£61.80	£223.71	£148.01	£548.37	£28,515	£163.75

4.7 Numbers affected

4.8 It will be impossible to accurately identify the number of households affected by the new cap until the Department for Work and Pensions releases some initial data. However, using the Shared Housing Benefit Extract (SHBE) we can identify the number claims which meet the above criteria:

4.9 Private Tenants

	Household breakdown	COLC Number of households affected	NKDC Number of households affected
Lone parent	3 children/3 bed LHA rate	59	31
	3 children/4 bed LHA rate	0	7
	4 children/3 bed LHA rate	12	4
	4 children/4 bed LHA rate	0	9
	3 children/3 bed LHA rate	18	40
	3 children/ 4 bed LHA rate	6	8
	4 children/4 bed LHA rate	3	9

4.10 Council stock

	Household breakdown	COLC Number of households affected	NKDC Number of households affected
Lone parent	3 children + rent over £90	2	2
	4 or more children	0	3
Couple	3 or more children	30	4

4.11 It is very difficult to predict the level of deductions for Council properties due to the varying

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nature of rent levels. However, due to lower numbers it is likely that there will be a much lower impact than on the private sector.

5. DWP data notification

- 5.1 On 25th May we received a scan aide memoir showing where DWP collected their data from and the timeliness of the data.
- 5.2 The scan aide has a list of all eligible and exempt benefits as well as any questions that may arise from the scan.

6. DWP Data

- 6.1 DWP provided us with a list of how many residents in Lincoln and North Kesteven would be affected by the Benefit Cap. We were predicted to have between 0-199 for each authority.
- 6.2 For Lincoln we received 218 potentially affected and 64 for NK.
- 6.3 I went through each case and looked at the make-up of the claim to see whether DWP information was accurate or whether the particular household should be affected.

6.4

LA	Number from DWP	Number should have cap	Number should not have cap	Total weekly reduction (£)	Average weekly reduction (£)
COLC	218	119	99	£6372.20	£53.55
NKDC	64	45	19	£3173.12	£70.51

After identifying the cases that I do not believe should be affected by the Ben Cap I wrote to the DWP to explain that they had some incorrect residents listed.

- 6.5 This can then be further split by housing stock and privately rented

LA	Number should have cap	Privately rented	Private weekly total	Private weekly average	Council rented	Council weekly total	Council weekly average
COLC	119	68	£3065.51	£45.08	51	£3306.69	£64.84
NKDC	45	35	£2278.34	£65.10	10	£894.78	£89.48

7. Discretionary Housing Payments (DHP)

- 7.1 In the Summer budget it was announced that the increase in DHP would be for the impending introduction of the Benefit Cap. The Benefit Cap will be coming in from Autumn 2016, therefore October – April is 6 months of DHP.
- 7.2 The table below shows DHP entitlements for 2016/17 and Benefit Cap reductions for 6 months.

LA	2015/16	Amount	2016/17	£ increase	Ben Cap for
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	DHP	spent	DHP		6 months
COLC	£139,678	£162,917.63	£173,623.67	£33,945.67	£165,677.20
NKDC	£99,977	£72,759.06	£107,514	£7,539	£82,501.12

Lincoln have an additional £26,760.37 from 2015/16 general fund, meaning total DHP available for Lincoln is £200,384.04.

8. Strategic Priorities

8.1 Protecting the poorest people in Lincoln and North Kesteven: The Benefits Service has a key role in reducing poverty and disadvantage; by ensuring residents receive the benefits they are entitled to and providing money/debt advice.

9. Risk Implications

9.1 Overspend of DHP

10. Recommendations

10.1 I shall be drafting a letter an writing out to all 282 customers that the DWP has said are at risk of the Benefit Cap to offer advice and clarification should they wish to contact me.