

Housing and Council Tax Benefits

Welfare Reforms

Since the election of the coalition government in May 2010, there have been a number of announcements regarding the direction of spending on welfare benefits. Although much of the operational detail of the full welfare reform programme has still to be finalised and published.

The new “Universal Credit” will be implemented between 2013 and 2017 and will replace a number of benefits, including Housing Benefit. Council Tax Benefit will also be replaced by an alternative system. In the meantime a number of measures affecting Housing Benefit and Council Tax Benefit have already been finalised.

Changes to the Local Housing Allowance rules were implemented from April 2011 and as a result a number of customers received less benefit. Notification letters have been issued to all existing benefit customers affected by these changes.

Further restrictions on Local Housing Allowance rates will take effect from January 2012 when the shared accommodation rate, which applies to most single people aged under 25, will be extended to qualifying single people aged 35 and under.

From April 2013, Local Housing Allowance rates will be linked to inflation via the Consumer Price Index rather than, the Retail Price Index as now. Although it is difficult to quantify the impact at this stage, it is anticipated that this change is likely to slow the increase of Local Housing Allowance rates.

Also from April 2013, working age tenants of social landlords (Council and Housing Association tenants) occupying a home that is larger than they need, will have their Housing Benefit restricted to a level that reflects a property of an appropriate size. The exact degree of restriction is not known at present but it may be as much as 25%. This may affect as many as 155 Council house tenants (plus the unknown number of housing association and private landlord tenants – work still to take place to calculate the numbers affected).

Universal Credit and the new Single Fraud Investigation Service will be introduced from April 2013. Between 2013 and 2017 the Housing Benefit scheme is to be wound down for existing customers as they move on to Universal Credit. These new

services will be run centrally by The Department for Work and Pensions (DWP). However at this stage it is not known whether local authorities will have a role in their administration. This is a concern, not only as the degree of local service that will be available to our customers is uncertain, but also the retention of staff and the ability to sustain an adequate level of service over this transitional period will be challenging.

Although much of the operational detail has still to be finalised and published, it is apparent that the welfare reform changes will have a significant impact on Housing and Council Tax Benefit, which will most likely reduce the income of the poorest members of the Shetland community, that will in turn increase the demand for public sector housing, debt advice and homelessness services

Throughout the welfare reforms process, the Benefits Section will continue to keep our customers, the Shetland public, Councillors and landlords notified of the changes and the impact on benefit payments. As part of this process we will update our Welfare Reform Briefing Paper with any further information statistics as and when available. [Click Here](#)