

WIRRAL COUNCIL

CABINET

9 DECEMBER 2009

REPORT OF THE DIRECTOR OF FINANCE

HOUSING AND COUNCIL TAX BENEFIT - PENSIONER ELIGIBILITY

1. EXECUTIVE SUMMARY

- 1.1. This report provides information on recent changes to the calculation of Housing and Council Tax Benefit (HB/CTB) for certain groups of claimants and the likely impact on existing benefit claims. The nature of these changes means that those in receipt of Child Benefit and those who are of pensionable age with capital may become eligible for HB/CTB for the first time or if already claiming may receive an increase in their entitlement.

2. BACKGROUND

- 2.1 In the 2008 Pre-Budget Report (Chapter 4 *Fairness and Opportunity for All*), the Chancellor of the Exchequer announced that Child Benefit would be disregarded in the calculation of HB and CTB. The intention of this is to boost the incomes of many of the lowest paid families, including those who are the parents of children in poverty
- 2.2 The Chancellor announced in his Budget 2009 speech that the capital threshold in Pension Credit and pension age HB/CTB would increase from £6,000 to £10,000 from November 2009.

3 THE CHANGES

- 3.1. From 2 November 2009 Child Benefit is to be disregarded in full for the purposes of determining entitlement to HB/CTB.
- 3.2 From 2 November 2009, people who have reached the qualifying age for State Pension Credit will have all capital under £10,000 disregarded in full.
- 3.3 The upper eligibility cut off limit still remains at £16,000. The method of establishing the amount of assumed income where a claimant's capital exceeds £10,000 is unchanged. Consequently, from 2 November 2009 a claimant's assumed income from their capital would be calculated on the basis of £1 for each £500 (or part thereof) of capital in excess of £10,000 up to the upper limit of £16,000 before eligibility is lost.
- 3.4. The changes affect only those claimants who are **not** in receipt of either Income Support or Job Seekers Allowance.

4. IMPLEMENTATION

- 4.1. On 10 October 2009 all current Wirral HB/CTB claimants affected by the changes had their entitlement to Housing and Council Tax Benefit recalculated. This resulted in:-
- Approximately 3,600 claim recalculations where maximum benefit was already in payment and no change to entitlement would occur.
 - 2,951 changes to Housing Benefit which increased entitlement.
 - 1,872 changes to Council Tax Benefit which increased entitlement of which 336 Council Tax accounts now have a credit balance for which refunds are being arranged.
 - 465 claimants of pensionable age have had an average weekly increase of £3.19 in their Housing Benefit and £0.80 Council Tax Benefit.
- 4.2. Of those in receipt of Child Benefit, the average increase is shown below:-

Number of claims affected	Number of children in household	Weekly increase in Housing Benefit	Weekly increase in Council Tax Benefit
463	1	£13.00	£4.00
293	2	£21.58	£6.64
61	3	£30.16	£9.28
18	4	£38.74	£11.92

- 4.3 In addition to the above, approximately 100 claimants had their Housing Benefit increased by an average of £15.18 and Council Tax Benefit by an average of £4.13 resulting in both rent and Council Tax liability now being met in full.

5 SUMMARY

- 5.1. The changes have resulted in an annual increase in disposable income via receipt of increased benefit of approximately £1,208,662 for those residents of Wirral, already claiming as specified above.
- 5.2. In advance of actioning these changes and in promoting them:-
- Wirral embarked on a joint 'Child Benefit Disregard' poster campaign together with Halton, Sefton and Knowsley Councils. Posters are displayed appropriately in many public contact points, including all children's centres to draw as much attention to the change as possible with the people most likely to be affected.

- A full page advertisement in Retired and Living magazine highlighted the changes to the capital rules.
- Press releases in the Wirral Globe and Daily Post.
- The website news alert article was used from 29 October 2009 with the alert remaining on the website and accessible through the home page link.
- Advice leaflets were produced and made widely available.
- Take-up and awareness activity is ongoing; initiatives currently include engaging with both Age Concern and the CAB in addition to routine consultation with other stakeholders and claimant representative groups.

5.3 The Department for Work and Pensions (DWP) is not embarking on a national take-up exercise or other forms of publicity in terms of the changes. Thus local publicity is key to attracting new claimants who will now be eligible for help.

5.4 Any new claims resulting from these changes will be monitored so that statistics can be made available and the wider impact assessed in terms of Benefits take-up and maximization.

6. FINANCIAL IMPLICATIONS

6.1. The increased expenditure is estimated at £1.2m for existing claimants together with any eligibility for new claimants. Overall the Department for Work and Pensions meets 93% of the Benefits budget through subsidy.

7. STAFFING IMPLICATIONS

7.1. There will be an increase in benefit caseload from this change. These changes are not considered to have a significant overall staffing impact.

8. EQUAL OPPORTUNITIES IMPLICATIONS

8.1. There are none arising directly from this report.

9 HUMAN RIGHTS IMPLICATIONS

9.1. There are none arising directly from this report.

10. LOCAL AGENDA 21 IMPLICATIONS

10.1. There are none arising directly from this report.

11. COMMUNITY SAFETY IMPLICATIONS

11.1. There are none arising directly from this report.

12. PLANNING IMPLICATIONS

12.1. There are none arising directly from this report.

13. LOCAL MEMBER SUPPORT IMPLICATIONS

13.1. There are none arising directly from this report.

14. BACKGROUND PAPERS

14.1. 2008 Chancellors Pre-Budget Report (Chapter 4 *Fairness and Opportunity for All*)

Press releases;

- <http://www.liverpooldailynews.co.uk/liverpool-news/regional-news/2009/11/02/pensioners-who-claim-child-benefit-may-be-eligible-for-extra-benefits-under-rule-changes-92534-25068344/>
- http://www.wirralglobe.co.uk/news/4709857.Benefit_changes_could_help_Wirral_pensioners_and_families_with_children/

15. RECOMMENDATION

15.1. That the increased expenditure on Benefits be noted.

IAN COLEMAN
DIRECTOR OF FINANCE