

Quick Benefits Calculator

Benefits Changes (July 2014 Version)

Overview

Quick Benefits Calculator (QBC) was updated in March 2013 to cover the major benefit changes from April 2013. These notes describe how the welfare reform changes are reflected in QBC and includes updates up to July 2014.

The major changes included the introduction council tax reduction schemes (which replaced CTB), the benefit cap, social-sector under-occupation deductions in HB (bedroom tax), the introduction of PIP and the partial introduction of universal credit.

About this Document

These notes supplement the QBC manual and the QBC tax credit notes. These documents can be found on the QBC Help menu.

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(A) Council Tax Reduction Schemes (CTR)

In April 2013 council tax benefit (CTB) was replaced by local council tax reduction schemes in England and Wales and a new national council tax reduction scheme in Scotland. In England the local schemes for pension-age claimants are highly constrained by the prescribed requirements regulations and are essentially the same as the former CTB. However, for working-age claimants each of the 326 billing authorities in England are adopting their own scheme, some of which are quite different to CTB. (The local schemes in Wales are highly constrained for both working-age and pension-age claimants by the prescribed requirement regulations (Wales) and therefore individual authorities' schemes in Wales are not differentiated in this version of the program: the QBC applies the Wales default scheme for all authorities in Wales.)

The CTR schemes are updated annually. The 2014/2015 version of QBC covers the following 2014/15 schemes: default schemes for England and Wales, the national scheme for Scotland and all of the local schemes in England.

In a very small number of cases, it has been possible to characterise the scheme fully apart from cases involving non-dependants (see below); in these cases full coverage will be added as soon as possible to a later version of QBC. For coverage of CTR for UC claimants the QBC assumes the default scheme except where we have evidence to the contrary (see FAQ (p15) for more details).

The current level of coverage for each local or national scheme is represented by the scheme status button at the top of the CTR screen (see section (AA) below for more details).

Note: many local authorities in England use the term 'local council tax support' to refer to CTR (see FAQ on p.14).

(B) Universal Credit (UC)

Universal credit is intended to (eventually) replace income support, income-based jobseeker's allowance, income-related employment and support allowance, child tax credit, working tax credit and housing benefit (the benefits replaced by universal credit are known as 'legacy benefits'). A Pathfinder exercise operated from April 2013 where some new claimants in four postcode defined areas (relevant districts) and between October and April 2014 six more relevant districts were added with seven more in NW England starting from June 2014.

To make a claim for UC the claimant must live in a relevant district and must meet the "Gateway" conditions. The claimant must be single*; aged 18-60.5 years; have no dependent children; must not be currently entitled to (nor awaiting a decision about) JSA**, ESA**, IS, DLA, PIP, IB or SDA [up until 30 June 2014 claimants entitled to HB, CTC or WTC were also automatically excluded]; not have limited capability for work; not be pregnant nor have been recently pregnant; not be a carer; not homeless; not in supported accommodation; not sharing a household with a member of the armed forces who is temporarily away; not an owner-occupier; not (expecting to be) self-employed; not (expecting to be) in education or training; not have savings over £6,000; not expecting to earn £330 in the coming month. Even if the Gateway conditions are met, a claim for UC can be refused at the discretion of the Secretary of State (in which case legacy benefits will apply.)

* From 30 June 2014 joint claims for UC will be accepted in parts of Rugby, Harrogate, Bath, Hammersmith and Inverness (joint claimants have must not expect to earn over £525/month and not over £330/month each)

** This does not include "new-style" contributory JSA/ESA claimed after the claimant has met the UC gateway conditions in a UC area.

NB: This version of the calculator calculates prospective UC for a broad range of potential claimants. It does not attempt to identify the limited set of claimants who will actually meet the Gateway conditions (or who may become subject to universal credit during the initial roll-out period). The bulk of UC roll-out and migration is not expected to complete until 2017 *at the earliest*: probably later. QBC does not currently include any universal credit transitional addition (This will be added when more information about the transitional addition is available.) Currently no UC claimant can qualify for a transitional addition. See section (BB) below for information on using the calculator to calculate UC.

(C) HB Benefit Cap

Introduced in England, Wales and Scotland during 2013, the benefits cap limits the total amount of certain benefits a claimant can receive. Where the claimant is exempt from the cap because of benefits received - such as DLA - (or because of their age) the cap will be dis-applied automatically. Users can use the 'exempt' box to remove the cap where this does not yet apply e.g. where a grace period applies (or if the claimant is in NI and if the cap has not yet started there). Housing benefit paid in respect of certain supported exempt accommodation does not count towards the cap : where this effectively exempts the claimant users can also tick the 'exempt ' box. (This approach will not work in very exceptional cases where the cap applies and HB is payable on two homes and only one home is exempt; QBC does not cover cases where HB is payable on two homes.)

(D) HB Social-Sector Under-Occupation: Bedroom Tax

The HB social-sector under-occupation deduction (the bedroom tax) was introduced in April 2013. Claimants who have reached pension credit age (and couples where one partner has reached pension credit age) will be not be affected by the HB bedroom tax. The level of under-occupation is entered on the Rent screen – see section (DD).

Note that in rare cases the level of under-occupation for UC will be *higher* than for HB: this can occur for two reasons:

(a) the definition of 'renter who requires overnight care' (UC) is more restricted than 'person who requires overnight care' (HB) (this could also affect claimants moving from HB-LHA to UC-LHA).

(b) where children can be allocated to categories in more than one way HB may be awarded on the basis of the higher number (this isn't a statutory requirement but is possible); for UC only the lower number can be awarded.

Under-occupation could sometimes be *lower* under UC where a claimant has non-dependants who are a couple. Under the regulations as they stand each member of a non-dependant couple would be awarded a room each.

(E) Personal Independence Payment

Minor changes have been made to cover the gradual replacement of DLA with PIP. In terms of calculating legacy benefits, universal credit and CTR, this version of QBC treats PIP as being analogous to the equivalent rate of DLA. (Note that PIP has no equivalent of DLA(Care) Lower rate).

(AA) Council Tax Reduction (CTR) Screen

Click here to select the claimant's Local Authority.

The scheme status indicator shows the level of completeness of the calculation for this authority. (The status may differ where the claimant has a non-dependant or is on UC.) Click on the status button for more information.

Because of the very large number of different CTR schemes in England all calculations of CTR should be treated as provisional until confirmed by the relevant LA.

Enter the claimant's CT band here. This only appears where relevant to the local scheme (either for restriction or protection).

As for CTB, the starting point of the CTR calculation is the claimant's weekly CT liability (after any status discount such as single person discount 25%).

Click here for additional local protections or exceptions. This only appears if the scheme includes local protections (or exceptions) which require information not already captured by the calculator.

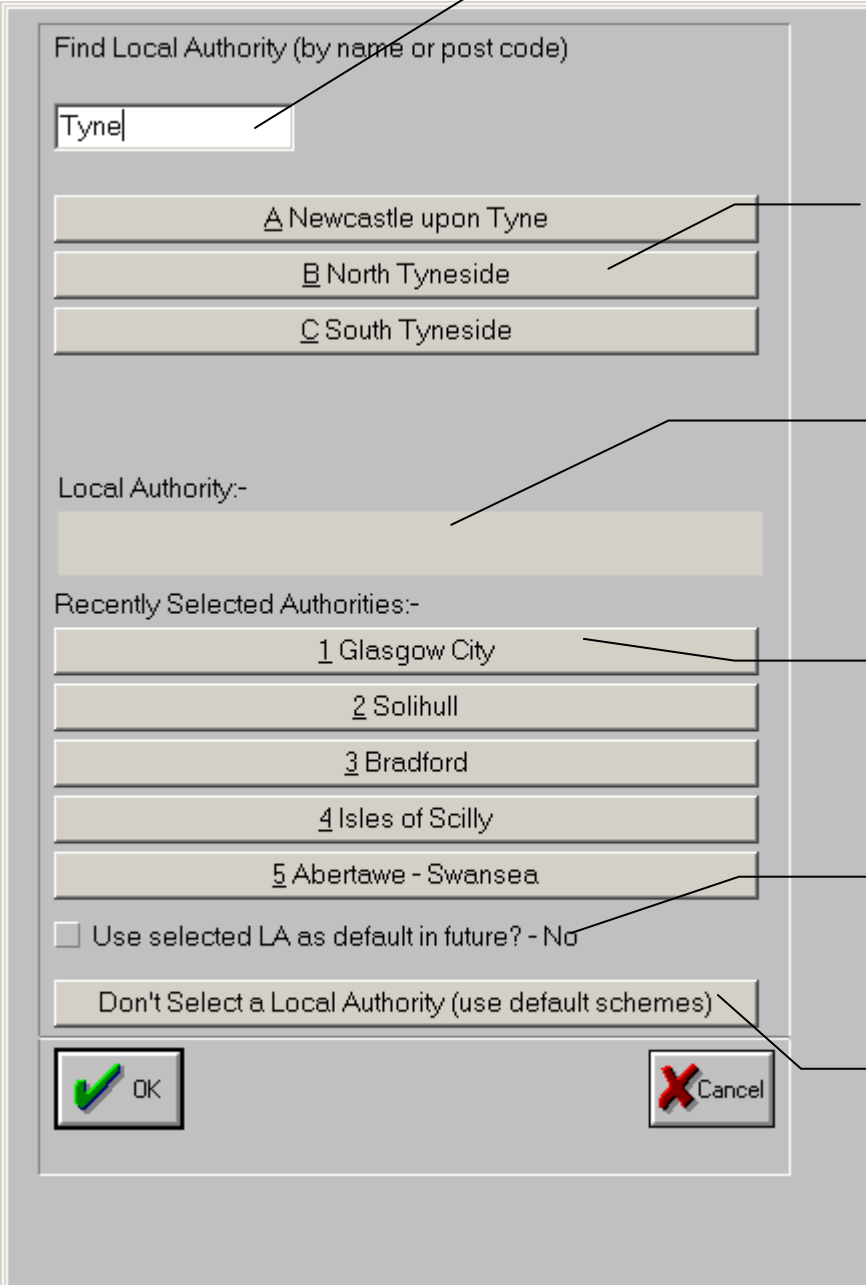
The current level of coverage for each local or national scheme is represented by the scheme status button at the top of the CTR screen as follows (click on the scheme status button for a summary of the details of the scheme covered by QBC):-

Red: CTR Scheme not covered or known to be incomplete or inaccurate in the current situation.

Yellow: CTR Scheme believed to be correct and complete (if the scheme is incomplete with respect to non-dependants and/or universal credit the scheme will show as red in those cases).

Blue: Scheme cross-checked and confirmed with the appropriate local authority where possible

Selecting an authority...



The screenshot shows a dialog box titled "Find Local Authority (by name or post code)". It contains a search input field with "Tyne" entered. Below the input are three buttons: "A Newcastle upon Tyne", "B North Tyneside", and "C South Tyneside". Below these is a section labeled "Local Authority:-" with a highlighted area. Underneath is a list of "Recently Selected Authorities" with five entries: "1 Glasgow City", "2 Solihull", "3 Bradford", "4 Isles of Scilly", and "5 Abertawe - Swansea". At the bottom, there is a checkbox "Use selected LA as default in future? - No" which is unchecked, a button "Don't Select a Local Authority (use default schemes)", and two buttons: "OK" (with a green checkmark) and "Cancel" (with a red X).

Type in the authority name or applicant's postcode here (the postcode is used only to identify the LA and is not stored)

If more than one authority matches the text entered you can select the required authority by clicking these buttons

Once a single authority is identified it appears here (click OK or press Enter to select this authority)

Recently selected authorities can be selected by clicking these buttons

Tick this box to make the selected authority the default authority for future cases

Click here to unselect the current authority and switch to a national / default scheme instead

(BB) Universal Credit (UC)

To indicate that the claimant (or claimant and partner) have claimed or been transitioned to UC tick the box on the basic details screen. (Remember that most claimants in most areas will not be able to claim UC until after autumn 2014 at the very *earliest* - probably later - and even then in many cases they will still claim legacy benefits - see section (B))

Tick here to switch to calculating UC instead of calculating legacy benefits

When calculating UC, the UC screen replaces the IS/JSA(IB), ESA(IR), WTC/CTC and HB screens

To see the effect of a claimant becoming subject to UC tick the 'Calculate Universal Credit' tick box below the date of birth on the 'Basic Details' screen.

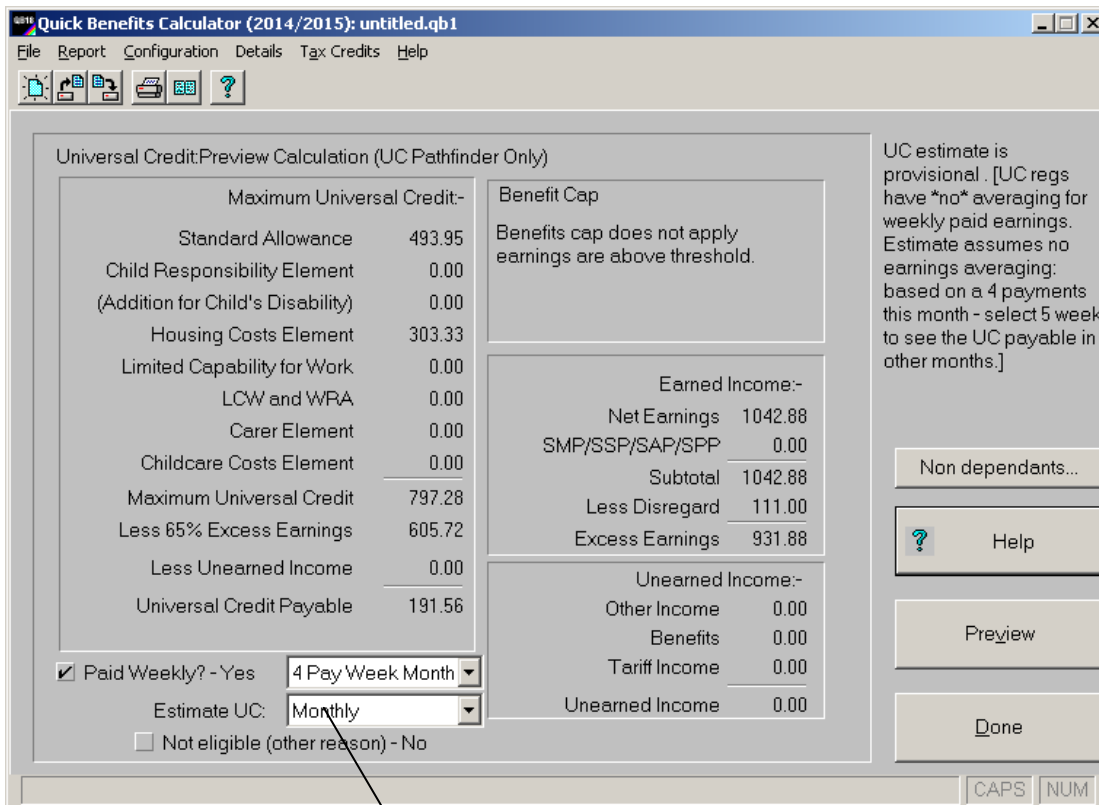
To indicate that the claimant (or partner) has limited capability for work (LCW) or limited capability for work and work-related activity (LCWRA) use the ESA/LCW screen.

Social sector under-occupation is indicated on the rent details screen (the same control for under-occupation covers both UC and HB).

The universal credit screen shows the calculation of UC.

Use these controls to check the affect of 4/week and 5/week pay months for weekly paid workers

Click here to access the combined non-dependant dialog (see section (CC))



UC will be calculated monthly. You can use this control so show the calculation with weekly or annual equivalents for comparison with other benefits

The UC benefit cap (and manual cap exemption control) is handled on the UC screen; this is separate from the HB cap control on the HB screen.

(CC) Non-dependant deductions

Since April 2013 QBC has needed additional information about non-dependants following the introduction of UC and CTR. The non-dependants screen gather this information and calculates non-dependant deductions for UC, CTR and legacy benefits. (For UC, although a flat rate deduction applies, the actual number of HCCs may differ as the exempt categories for HCCs do not match exactly those for legacy benefits and non-dependant couples may attract two HCCs rather than one non-dependant deduction.)

Where there is exemption from NDD/HCC due to the *claimant's* or *partner's* DLA/PIP/AA the deduction is removed automatically.

(Where exemption applies because a claimant or partner is blind you can enter this on the claimant's (or partner's) non-means tested benefit screen.)

The screenshot shows the 'Quick Benefits Calculator' window with the following data in the 'Non-Dependants' table:

Age	Income Related Benefit	Exempt UC	Exempt HB/IS/PC	Exempt CTR	In Work?	Gross Income/wk	Couple?
1 42	None	<input type="checkbox"/> - No	<input type="checkbox"/> - No	<input type="checkbox"/> - No	16+hr	200.00	<input checked="" type="checkbox"/>
2 34	None	<input type="checkbox"/> - No	<input type="checkbox"/> - No	<input type="checkbox"/> - No	16+hr	150.00	<input checked="" type="checkbox"/>
3 64	Pension Credit	<input type="checkbox"/> - No	<input type="checkbox"/> - No	<input type="checkbox"/> - No	No	0.00	<input type="checkbox"/>
4 25	JSA(IB)	<input type="checkbox"/> - No	<input checked="" type="checkbox"/> - Yes	<input checked="" type="checkbox"/> - Yes	No	0.00	<input type="checkbox"/>

Summary calculations at the bottom of the window:

- UC HCC (Weekly Equiv) 47.55 = (£206.04/month = £68.68 x 3)
- PC/IS/JSA(IB)/HB NDD 83.05 = 83.05(C)+0.00+0.00
- CTR NDD 9.40 = 9.40(C)+0.00+0.00

Callouts in the image provide the following information:

- 'Indicates a non-dependant on UC, IS, JSA(IB), ESA(IR), or PC' - points to the 'Income Related Benefit' dropdown.
- 'Use these controls to indicate exempt claimants for UC/HB/CTR' - points to the exemption checkboxes.
- 'Tick here to indicate a non-dependant couple' - points to the 'Couple?' checkbox.
- 'Calculation of deductions is summarized here' - points to the summary calculation area.

The dialog above shows four non-dependants. The first two are a couple aged 42 and 34; they are both working over 16 hours per week with gross incomes of £200 and £150 per week respectively. The third non-dependant is aged 64 and receives pension credit. The fourth, aged 25, is in receipt of JSA(IB) and also receives DLA (care) low and so is exempt for legacy benefits and CTR but is not exempt from housing cost contribution for UC.

(DD) HB Social-Sector Under-Occupation / Bedroom Tax

Indicate the level of under-occupation (none/exempt, one-bedroom, two-or-more bedrooms) on the 'Rent/Non Deps/Service Charges' screen. The level of under-occupation entered is also used to calculate universal credit (social-sector rent) housing costs. Where the deduction does not apply (e.g. because of 13 or 52 week protection following a death) enter the under-occupation level as 'none/exempt'.

The Bedroom Calculator can be accessed by clicking the 'Bedroom Calculator (under occ)' button on the 'Rent/Non Deps/Service Charges' screen.

NB: the bedroom calculator does not retain details of occupants. **If a change occurs which affects the level of under-occupation it is up to the adviser to indicate this.** For example, if a non-dependant or child (including children of non-dependants and children of other joint tenants) moves out then the level of under-occupation may go up. On the other hand, where an occupant has a child or a non-dependant moves in or where a child reaches a relevant age (10 or 16) and so is no longer required to share then the level of under-occupation may go down.

Outstanding Issues/Limitations/Exclusions

The universal credit calculation in QBC is under continuing development. The following are areas which will be updated:-

(1) Input of non-weekly periodic figures

The normal assessment period for universal credit is one calendar month and the QBC will default to calculating UC on a monthly basis (other options are available). Calculated UC is then converted to a weekly amount in order to maintain consistency with other benefits, other income and CTR. This approach is similar to the current calculation of WTC/CTC in the QBC.

However the calculator currently only accepts *input* figures (for earnings, other income, rent, etc) on a weekly basis. (The QBC has always accepted monthly or annual figures, etc (using y, m or right-click) but only the weekly equivalent is retained after this conversion.)

Where a form of income or rent is actually paid monthly rather than weekly the conversion via the weekly amount may introduce very small rounding errors into the calculation. QBC will be updated so that it accepts periodic figures so periodicity information is retained (i.e. the amount and periodicity will be recorded separately allowing exact conversions to be carried out).

The calculator includes '4 week month' and '5 week month' estimates of UC for weekly paid workers on the UC screen. If required these will be separated for claimant and partner in a future version. The lack of averaging for weekly earnings in the UC regulations is (apparently) under consideration by DWP but any mitigating measures are not expected during the Pathfinder nor the initial 'national' roll-out.

(2) UC Owner Occupier Housing Costs

There is a degree of uncertainty about the status of some legacy benefit owner-occupier housing costs under UC (other than those in respect of loans used to acquire an interest in a property).

(3) UC Transitional Addition (TA)

There is no TA included in the UC calculation. This should be kept in mind when performing 'worse-off' calculations looking at moving off legacy benefits. There are currently no regulations covering the UC transitional addition.

(4) Universal Credit: Claimants Not Covered

This version of the calculator does currently not cover:-

UC for joint claimants where one claimant is over the qualifying age for state pension credit;

Cases where a member of a couple claims as a single person;

Cases involving 16 and 17 year old claimants (as for legacy benefits)

[People in the above groups are not currently able to claim UC in any case: see section (B) above]

FAQs (CTR)

Why does QBC refer to 'Council Tax Reduction' (CTR) and not 'council tax support' (CTS)?

Many councils have adopted the term 'council tax support' to describe their local scheme but the relevant legislation (in England, Wales and Scotland) refers to 'council tax reduction'. 'Local council tax support' and 'Local council tax reduction' are the most common terms but other names have also been used. We may add the local names for each scheme in a future update.

How accurate are the CTR figures?

Although schemes are meant to be fixed by 31 January each year it appears that some schemes have been shifting slightly as discrepancies emerge between IT systems behaviour, policy intentions and scheme regulations and these begin to interact with the real world. In some cases the scheme regulations (where available) are defective and/or do not achieve the published policy intention.

There are over 300 local schemes (and a typical scheme might run to 150 pages of regulations) so we don't have the resources to check every regulation in each scheme. Not all authorities have published their scheme regulations so in many cases we have had to rely on their public-facing (summary) scheme information.

For these reasons, all CTR calculations should be treated with caution.

What should we do if the CTR calculation appears to be inaccurate?

Please contact us so we can check and update the description of the authority's council tax reduction scheme within QBC if necessary.

Do you use the postcode information to identify (i) LHA BRMAs or (ii) areas where the benefit cap has already started?

No, the postcode entered is used only to identify the relevant Local Authority for CTR and is not stored after use.

What about CTR for UC claimants?

England: Except where we're aware that an explicit decision has been made to the contrary the calculator assumes that LAs in England are adopting the default scheme approach to CTR claimants on UC. In practice, many LAs have reserved powers to make a decision on their treatment of UC claimants later in the year. Therefore calculations of CTR for UC claimants should generally be treated as provisional estimates. A large subgroup of English LAs have adopted schemes which add further earnings and other income disregards to the default scheme. For these LAs only the further earnings disregards have been implemented (shown as local disregard) in the calculation. [The potential further disregard of other income has not yet been implemented pending clarification - almost all types of other income will have already disregarded in the UC calculation in any case.]

Scotland and Wales: The regulations in Scotland and Wales constrain authorities to follow an approach identical to the default scheme in England. Therefore the calculation of CTR for UC claimants in Scotland and Wales should be accurately described.

FAQs (Universal Credit)

How accurate are the universal credit calculates produced by QBC?

The UC regulations which operate currently have been subject to an initial analysis but may require further interpretation. There are indications that the regulations may be revised in the light of DWP experience during the Pathfinder/ initial roll-out: that is, before most claimants can claim UC. (Certainly there will be further regulations to cover transitional additions.) Therefore any UC calculations should be treated as provisional. (See also sections (1),(2),(3) and (4) above.)

It looks like my client will be worse off on UC; will they lose out straight away?

Probably not immediately. When existing legacy benefit claimants are eventually transferred to UC they should, in most cases, receive a transitional addition which will (temporarily) protect them from loss of benefit. (However there are currently no regulations covering the transitional addition and full details are not available.)

It looks like my client will be better off on UC; can they claim UC now/soon?

Probably not. Until Summer 2014 (at the earliest) only a very limited group of claimants are expected to be able to claim UC (see section (B)). Even after this, UC for new claimants will only apply to some claimants in a limited areas initially. Because of the widely-reported IT problems, it may be some years before some claimants are able claim UC.

FAQs (Other)

Why do you now ask whether the claimant or partner is blind?

This information (along with the claimant's or partner's AA/DLA/PIP) allows the QBC to automatically disapply non-dependant deductions / UC housing cost contributions where appropriate. In addition, blind applicants/partners are in a protected category for certain local CTR schemes.

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