

Appendix C

Three case studies

Case Study 1: low income working family

Income before April 2013

Gareth and Penny, 36 & 35, live in a rented three bedroom housing trust home in Runnymede with their son (9) and daughter (7). Gareth works full-time on minimum wage. Penny does not work.

Monthly income

Wage	£1,009
Tax credits	£691
Child benefit	£146
Housing benefit	£415
Council Tax Support	£36
Total income	£2,297

Main monthly outgoings

Rent	£925
Council Tax	£96
Gas/ Electricity	£243
Food	£385
Loan repayments	£182
Travel	£110
TV/Phone/Internet	£76
Total outgoings	£2,017

April 2013

Under Occupancy

Because the children are under the age of 10, they are now expected to share a bedroom. Therefore Gareth and Penny will lose 14% of their eligible rent for having a spare bedroom.

Monthly loss of £130

Benefit rises capped at 1%

Elements of their tax credits and housing benefit were capped at a 1% rise rather than rising in line with inflation (~2.2%).

Reduction in real income of ~£10

From October 2013

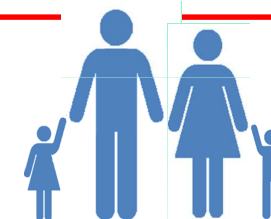
Universal Credit (UC)

Their tax credits and housing benefit will be merged into a single monthly payment. The money will rise slightly, but they will have to self-manage their claims and face significant sanctions if they fail to do so correctly.

Estimated monthly increase of ~£16

Cumulative financial impact

Under Occupancy	- £130
1% rise	- £10
Universal Credit	+ £16
Monthly total	- £124
Annual total	- £1,488



5% LOSS IN INCOME

What are Gareth's and Penny's options?

1. Penny looking for work

If Penny were to find work for 16 hours a week, the family would not only increase their income, but also become eligible for childcare credits.

Support: JobCentre Plus, local Job Clubs

2. Consider taking in a lodger

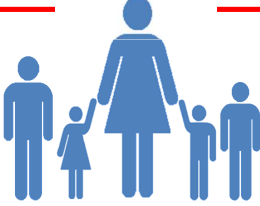
Renting out the spare bedroom may exempt Gareth and Penny from the under occupancy charge, as well as bringing in a small amount of extra income.

Support: Housing Options teams

3. Applying for a Discretionary Housing Payment (DHP)

The couple could apply to Runnymede Council for a DHP as a short term emergency solution to cover housing costs.


Case Study 2: large family and out of work

Income before April 2013	April 2013	From July 2013	Cumulative financial impact																										
<p>Sarah, 38, is a single parent living in a privately rented, four bedroom Band E house in Surrey Heath, with her three sons (6, 10 & 15) and daughter (7). She is currently not in work and is entirely dependent on benefits.</p> <p>Monthly income</p> <table border="0"> <tr><td>Child Tax Credits</td><td>£942</td></tr> <tr><td>Housing Benefit</td><td>£807</td></tr> <tr><td>Income Support</td><td>£308</td></tr> <tr><td>Child Benefit</td><td>£262</td></tr> <tr><td>Council Tax Support</td><td>£160</td></tr> <tr><td>Free School Meals</td><td>£130</td></tr> <tr><td>Total income</td><td>£2,609</td></tr> </table>	Child Tax Credits	£942	Housing Benefit	£807	Income Support	£308	Child Benefit	£262	Council Tax Support	£160	Free School Meals	£130	Total income	£2,609	<p>Council Tax Support(CTS) Under the new localised Council Tax Support schemes, Sarah will lose out as support is capped to Band D properties and every household will have to pay at least 30% of their Council Tax bill. New monthly Council Tax bill of £68</p> <p>Benefit rises capped at 1% Reduction in real income of ~£25</p> <p>Change from Income Support (IS) to Job Seekers Allowance (JSA) As her youngest son is over 5 years old, Sarah now has to move from IS onto JSA. Her income will remain the same, but she will be required to show she is actively seeking and available for work.</p>	<p>Benefit Cap Sarah's total annual benefits will be capped to £26,000. Monthly loss of £395</p> <p>From October 2013</p> <p>Universal Credit (UC) The financial impact of UC is likely to be neutral for Sarah. However, the switch to monthly payments, and her housing benefit paid directly to her rather than her landlord, will place a greater financial burden on Sarah.</p>	<p>Cumulative financial impact</p> <table border="0"> <tr><td>CTS</td><td>- £68</td></tr> <tr><td>Benefit cap</td><td>- £395</td></tr> <tr><td>(inc.1% rise)</td><td></td></tr> <tr><td>Universal Credit</td><td>~£0</td></tr> <tr><td>Monthly total</td><td>- £463</td></tr> <tr><td>Annual total</td><td>- £5,556</td></tr> </table> <p> 18 % LOSS IN INCOME</p>	CTS	- £68	Benefit cap	- £395	(inc.1% rise)		Universal Credit	~£0	Monthly total	- £463	Annual total	- £5,556
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What are Sarah's options ?

- 1. Looking for a job**
Working at least 16 hours a week will exempt Sarah from the Benefit Cap. However, the high cost of childcare locally and Sarah's lack of work experience will make finding a job difficult. **Support: JobCentre Plus, local Job Clubs**
- 2. Finding cheaper housing**
Sarah is already in relatively affordable accommodation, but moving to a Band D house would lower her Council Tax bill by £349 p/a. **Support: District and Borough Housing Options teams**
- 3. Switching to more affordable credit**
Sarah currently pays over £300 per month in interest and loan repayments on credit cards and door-step loans. Consolidating her debts into one SurreySave Credit Union personal loan could save her money. **Support: SurreySave, 'Get Wise', CAB**
- 4. Apply for DHP**
Sarah could apply to Surrey Heath Council for a DHP as a short term emergency solution to cover housing costs.

Case Study 3: disabled adult

Before April 2013	April 2013	From Autumn 2013	Cumulative financial impact																				
<p>Daniel, 28, lives alone in a socially rented 1-bed flat in Waverley. He has had epilepsy since birth and also suffers from periodic depression. Daniel is currently not in work and is entirely dependent on benefits.</p> <p>Summary of monthly income</p> <table> <tr> <td>Disability (care component)</td> <td>£223</td> </tr> <tr> <td>Disability(mobility component)</td> <td>£89</td> </tr> <tr> <td>Incapacity Benefit</td> <td>£480</td> </tr> <tr> <td>Council Tax Benefit</td> <td>£104</td> </tr> <tr> <td>Housing Benefit</td> <td>£560</td> </tr> <tr> <td>Total income</td> <td>£1,456</td> </tr> </table>	Disability (care component)	£223	Disability(mobility component)	£89	Incapacity Benefit	£480	Council Tax Benefit	£104	Housing Benefit	£560	Total income	£1,456	<p>Incapacity Benefit (IB)</p> <p>Daniel was reassessed as potentially work ready last year. His payments stayed roughly the same, but are limited to 12 months and he faces losing all of them later this year. Daniel is currently not claiming his full entitlement as he should be receiving Income Support which would have protected him from this loss.</p> <p>Monthly loss of £45</p>	<p>Disability Living Allowance (DLA) to Personal Independence Payments (PIP)</p> <p>The change to PIP is a major shake-up of the system spread over the next few years, with many people moving on and off benefits. We have anticipated that Daniel's 'low level mobility' component is removed, but he could also face losing the new Daily Living Component of PIP, which would potentially also lead to further loss of associated benefits such as Council Tax Support. Estimated monthly loss of £89</p>	<table> <tr> <td>Incapacity Ben.</td> <td>- £45</td> </tr> <tr> <td>DLA/PIP</td> <td>- £89</td> </tr> <tr> <td>Monthly total</td> <td>- £134</td> </tr> <tr> <td>Annual total</td> <td>- £1,608</td> </tr> </table>	Incapacity Ben.	- £45	DLA/PIP	- £89	Monthly total	- £134	Annual total	- £1,608
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	<p>Council Tax Support</p> <p>Daniel will continue to receive full Council Tax Support as long as his continues to be entitled to Disability Living Allowance.</p> <p>No change to income</p>	<p>Universal Credit (UC)</p> <p>Daniel's Housing Benefit will paid monthly directly to him rather than his landlord and his claim will have to be managed online. Daniel may struggle to cope with this extra responsibility.</p>	 <p>9% LOSS IN INCOME</p>																				

What are Daniel's options?

1. Seek advice

Daniel should immediately seek advice about how to receive income support to prevent the loss of £45 a month. He will also need help when completing online UC application forms and self-managing his claims.

Support: Get WiSE, Citizens Advice Bureau

2. Finding work

Daniel's reassessment found that he is not yet ready for work, but with support he can prepare for a job in the future. The County Council **Employability service** will be able to provide one-to-one support, and some additional support following the introduction of Universal Credit.