

2001

SWA Circular No. 04/01

29 June 2001

To: The Chief Executive Officers
Programme Managers
Appeals Officers
Superintendent CWOs
Community Welfare Officers

Re: SWA changes arising from Budget 2001.

The purpose of this circular is to advise Community Welfare staff regarding the changes in the SWA scheme arising from this year's Budget. These were already notified to Superintendent CWOs in summary form last March. The changes are effective from 2 April 2001 unless otherwise stated.

1. RENT/MORTGAGE INTEREST SUPPLEMENT DISREGARD FOR PENSIONERS

In addition to the £6 minimum contribution, applicants for Rent/Mortgage Interest Supplement are required to contribute any assessable means in excess of the appropriate SWA rate towards their rental or mortgage costs. In previous years, this resulted in the amount of Rent/Mortgage Interest Supplement in payment being reduced by the difference between the Budget increase pensioners received in their primary payment and that applicable to the SWA rate appropriate to their household.

This year's Budget introduced a new £5 disregard in the means test for Rent/Mortgage Interest Supplement for people aged 65 or over who are in receipt of a Social Welfare pension. In most cases this will reduce the amount of the applicant's personal contribution by £5 per week from what it would otherwise have been. See example 1.

All applicants for Rent/Mortgage Interest Supplement are still required to pay the £6 minimum contribution. In the case of a pensioner whose means are less than £5 above the relevant SWA rate, the amount to be disregarded is the actual amount of means that the person has above the relevant SWA rate. See example 2.

In the case of pensioner couples who are both aged 65 or over and receiving two pensions or a pension with a qualified adult allowance a disregard of £10 should be applied to the means test for Rent/Mortgage Interest Supplement. See example 3.

Any Rent/Mortgage Interest Supplements in payment in respect of Social Welfare pension recipients aged 65 years or over should be reviewed in light of the new disregard.

It will also be necessary to review applications made since April 2001 by Social Welfare pension recipients aged 65 years or over who were refused Rent/Mortgage Interest Supplement due to having excess means of less than £5 (or £10 in the case of pensioner couples).

2. RENT SUPPLEMENT PAYABLE IN CAPITAL ASSISTANCE SCHEME CASES

The maximum rate of Rent Supplement payable to tenants in Voluntary Housing developments funded through the local authority Capital Assistance Scheme (CAS) has been increased by £10 per week. The new weekly maximum rates are £31 for couples and £29 for all others.

Rent Supplements in payment to tenants housed under the CAS should be reviewed in light of the revised limits. Cases involving Social Welfare pension recipients aged 65 years or over may benefit from both the revised maximum weekly CAS rates and the new £5 disregard described in Section 1 above.

3. EXTENSION OF FUEL SEASON AND EASING OF MEANS TEST

As announced in this year's Budget the duration of the fuel season is being extended to 29 weeks. The upcoming fuel season will run from the week commencing 1st October 2001 for a period of 29 weeks finishing on Friday 19th April 2002.

The current £30 additional weekly income limit over and above contributory pensions etc. is being increased to £40 per week with effect from October 2001.

A further circular regarding the Fuel schemes will issue prior to the commencement of the next fuel season.

4. ASYLUM SEEKERS IN DIRECT PROVISION

At the present time there is no change in the reduced rate of basic SWA payable to asylum seekers who are in Direct Provision i.e. £15 per week for an adult and £7.50 per week for a child. These rates are among a number of issues currently being reviewed by an inter-Departmental Working Group.

A further circular will issue in the event of changes being introduced following the finalisation of the Working Group's report.

5. DISREGARD OF MAINTENANCE RECEIVED BY LONE PARENTS

Prior to this year's Budget, a person in receipt of One-Parent Family Payment (OFP) was allowed to receive up to a maximum of **£75 per week maintenance for mortgage/rental costs** without affecting the rate of OFP payable. Any additional non-housing related maintenance would reduce the amount of OFP payable on a £1 for £1 basis. For the purpose of the means test for Rent/Mortgage Interest Supplement all income received by way of maintenance payments was assessable.

Following the Budget, the legislation governing OFP was amended to allow recipients to retain 50% of any maintenance received over and above the £75 allowed in respect of mortgage/rental costs. The rate of OFP is now only reduced by 50p per £1 in such cases, instead of the £1 for £1 reduction that previously applied.

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Consequently, a higher rate of OFP is paid than has been the case up to now and this would ordinarily lead to a reduction in the rate of Rent Supplement payable to a person in this situation. However, for the purpose of the means test for Rent/Mortgage Interest Supplement **a disregard of up to £25** can be allowed in respect of **any increase in OFP payments** arising from this change in the assessment of maintenance in the OFP means test. People already receiving the maximum rate of OFP payable along with maintenance payments **will not benefit** from this change as no increase in OFP arises in their case. **See examples 4 - 6.**

Any Rent/Mortgage Interest Supplements in payment in respect of OFP recipients where maintenance payments are involved should be reviewed in light of the new disregard.

It will also be necessary to review applications (since April 2001) from OFP recipients who were refused Rent/Mortgage Interest Supplement due to excess means resulting from maintenance payments.

Brian O Raghallaigh
Principal
SWA Section

APPENDIX - examples

EXAMPLE 1 - Retirement Pensioner aged 65 paying £60 rent

	Position from April 2001 with new disregard
Income from Pension	£106.00
SWA Rate	<u>£ 84.00</u>
Means in excess of SWA Rate	£ 22.00
+ Min. Con.	<u>£ 6.00</u>
Personal contribution	£ 28.00
- disregard	<u>£ 5.00</u>
Contribution towards rent	£ 23.00
Rent	£ 60.00
- contribution	<u>£ 23.00</u>
Rent Supplement payable	£ 37.00

EXAMPLE 2 - Blind Person's Pensioner aged 65 paying £60 rent

	Position from April 2001 with new disregard
Income from Pension	£ 85.50
SWA Rate	<u>£ 84.00</u>
Means in excess of SWA Rate	£ 1.50
+ Min. Con.	<u>£ 6.00</u>
Personal contribution	£ 7.50
- disregard	* <u>£ 1.50</u>
Contribution towards rent	£ 6.00
Rent	£ 60.00
- contribution	<u>£ 6.00</u>
Rent Supplement payable	£ 54.00

* All applicants for Rent/Mortgage Interest Supplement are still required to pay the £6 minimum contribution. In the case of a pensioner whose means are less than £5 above the relevant SWA rate, the amount to be disregarded is the actual amount of means that the person has above the relevant SWA rate (in this example, this is £1.50).

EXAMPLE 3 - Old Age (Con) Pensioner aged 70 + Invalidity Pensioner aged 65 paying rent of £100

	Position from April 2001 with new disregard
Old Age Pension	£106.00
Invalidity Pension	<u>£106.00</u>
Income from Pensions	£212.00
SWA Rate	<u>£138.00</u>
Means in excess of SWA Rate	£ 74.00
+ Min. Con.	<u>£ 6.00</u>
Personal contribution	£ 80.00
- disregard	<u>£ 10.00</u>
Contribution towards rent	£ 70.00
Rent	£100.00
- contribution	<u>£ 70.00</u>
Rent Supplement payable	£ 30.00

EXAMPLE 4 - Lone Parent with 2 children in receipt of £100 per week maintenance paying £90 rent.

Full rate OFP for a person with 2 children is £115.90. From April 2001, OFP rate is reduced by 50p in the £1 in respect of additional maintenance received above £75 i.e. by 50% of £25 (£100 - £75) or £12.50 in this example.

	Position from April 2001
OFP (£115.90 - £12.50)	£103.40
+ Maintenance	<u>£100.00</u>
Income	£203.40
SWA Rate	<u>£110.40</u>
Means in excess of SWA Rate	£ 93.00
+ Min. Con.	<u>£ 6.00</u>
Personal contribution	£ 99.00
- disregard	<u>£ 12.50</u>
Contribution towards rent	£ 86.50
Rent	£ 90.00
- contribution	<u>£ 86.50</u>
Rent Supplement payable	£ 3.50

EXAMPLE 5 - Lone Parent with 3 children in receipt of £125 per week maintenance paying £150 rent.

Full rate OFP for a person with 3 children is £131.10. From April 2001, OFP rate is reduced by 50p in the £1 in respect of additional maintenance received above £75 i.e. by 50% of £50 (£125 - £75) or £25.00 in this example.

	Position from April 2001
OFP (£131.10 - £25.00)	£106.10
+ Maintenance	<u>£125.00</u>
Income	£231.10
SWA Rate	<u>£123.60</u>
Means in excess of SWA Rate	£107.50
+ Min. Con.	<u>£ 6.00</u>
Personal contribution	£113.50
- disregard	<u>£ 25.00</u>
Contribution towards rent	£ 88.50
Rent	£150.00
- contribution	<u>£ 88.50</u>
Rent Supplement payable	£ 61.50

EXAMPLE 6 - Lone Parent with 4 children in receipt of £150 per week maintenance paying £190 rent.

Full rate OFP for a person with 4 children is £146.30. From April 2001, OFP rate is reduced by 50p in the £1 in respect of additional maintenance received above £75 i.e. by 50% of £75 (£150 - £75) or £37.50 in this example.

	Position from April 2001
OFP (£146.30 - £37.50)	£108.80
+ Maintenance	<u>£150.00</u>
Income	£258.80
SWA Rate	<u>£136.80</u>
Means in excess of SWA Rate	£122.00
+ Min. Con.	<u>£ 6.00</u>
Personal contribution	£128.00
- disregard	<u>**£ 25.00</u>
	£103.00
Rent	£190.00
- contribution	<u>£103.00</u>
Rent Supplement payable	£ 87.00

** While the additional maintenance being retained is £37.50 the maximum disregard in the means test for Rent/Mortgage Interest Supplement is £25.