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CORNWALL
COUNCIL

Employment & Support Allowance

Conversion effect on Housing and
Council Tax Benefit

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Effect of ESA conversion on HB & CTB

- The Housing Benefit (HB) and Council Tax Benefit (CTB) ESA regulations have been designed to ensure that where a customer's Incapacity Benefit converts to ESA and as a result their HB/CTB applicable amount would reduce, a transitional addition is awarded and added to the HB/CTB applicable amount.

Effect of ESA conversion on HB & CTB

- If the customer is converted to Income Related ESA, there will be no effect as this is a 'passport' benefit which means the customer will be entitled to maximum eligible HB and CTB.

Effect of ESA conversion on HB & CTB

- If the customer is converted to Contribution Based ESA, then a calculation is required using the ESA regulations.
- The Disability Premium is not a part of ESA
- If the customer was in receipt of a Disability Premium prior to conversion, this would need to be removed from the calculation and the relevant ESA component added.

Effect of ESA conversion on HB & CTB

- If the HB/CTB customer is in receipt of the support component, they will be awarded the Enhanced Disability Premium
- The full amount of ESA(C) plus any transitional addition that is awarded to the customer by the JCP, is to be taken into account as income.

Effect of ESA conversion on HB & CTB

- In order to compensate for the loss of the disability premium a Transitional Addition will be added to the HB/CTB applicable amount.
- Awarding a HB/CTB transitional addition does not rely on a transitional additional being added to the ESA(C) income. It is based on whether the HB/CTB applicable amount would otherwise reduce on conversion

Example of Transitional Addition in HB/CTB

- A single person aged over 25, getting long term Incapacity Benefit

<i>Applicable amount prior to conversion</i>		<i>Applicable amount on conversion</i>	
Personal allowance	£67.50	Personal allowance	£67.50
Disability premium	£28.85	Work-related activity component	£26.75
Total	£96.35	Total	£94.25

In this case the customers applicable amt. is £2.10 per week less than the pre-conversion rate so it will be protected by a Transitional Addition of £2.10

Example of Transitional Addition in HB/CTB

- Couple, HB/CTB customer getting long-term IB and DLA, partner working*

<i>Applicable amount prior to conversion</i>		<i>Applicable amount on conversion</i>	
Personal allowance	£105.95	Personal allowance	£105.95
Disability premium	£ 41.10	Work-related activity component	£ 26.75
Total	£147.05	Total	£132.70

In this case the customers applicable amt. is £14.35 per week less than the pre-conversion rate so it will be protected by a Transitional Addition of £14.35

If Customer appeals

- If a customer appeals against the decision not to award ESA, they have the right to appeal.
- If they have not claimed another benefit such as JSA, they will be awarded the assessment phase until their appeal is heard – without any transitional addition
- If it is the assessment phase of ESA(IR), passported HB/CTB will be awarded
- If it is the assessment phase of ESA(C), a transitional addition will be added to the application amount to protect the level of HB/CTB.

If customer loses appeal

- If the customer loses the appeal, ESA will cease from the first day of the ESA benefit week following the date on which the JCP is notified by the Tribunal of its decision. The customer will be able to claim another benefit i.e. JSA.
- As the HB/CTB will no longer be based on the ESA structure, any transitional addition will be withdrawn and HB/CTB will be calculated on the customers circumstances as normal.

Eroding the transitional Addition

- To ensure that all people are treated equally over time, the transitional addition will be eroded until it is reduced to nil.
- The transitional addition can only be eroded if a change occurs that increases the applicable amount, for example
 - Annual upratings
 - Birth of a child, or
 - A single customer becoming a member of a couple

Eroding the transitional addition

- The following changes **do not** erode the transitional addition because they do not affect the applicable amount.
 - income
 - the number of non-dependants
 - the amount of the non-dependant deduction
 - the rent or council tax liability
 - the rent on the LHA anniversary date
 - change of address
- The amount of the erosion depends on the amount the applicable is increased by:
 - If the amount exceeds the transitional addition, it is reduced to nil
 - If it increases by an amount lower than the transitional addition, the addition is reduced by the difference

Eroding the transitional addition

- **Examples**
- *Customer has a £14.35 transitional addition. April 2012 annual upratings increase their applicable amount by £9.50. The transitional addition decreases to £4.85.*
- *Customer has a £14.35 transitional addition. Their baby is born which increased their applicable amount by the child allowance of £62.33. The transitional addition is reduced to nil.*

Termination of Transitional Addition

- The HB/CTB transitional addition ends in the following circumstances
 - By applying the erosion principles, until reduced to nil
 - A change of circumstances means customer no longer entitled to HB/CTB i.e. no longer has a liability to pay rent / council tax, or capital increases to over £16,000
 - Converted ESA ceases and customer awarded another benefit. The transitional addition is part of ESA structure only
 - Customers assessment phase ends because they lose an appeal.
 - Customer awarded JSA(IB), ESA(IR) or IS. Transitional addition cannot be awarded in Passported HB/CTB.
 - Customer still has a transitional addition on 5 April 2020 – unlikely to still be payment up to that date.

Reinstating the Transitional Addition – linking rules

- **The 12 week linking rule – HB/CTB entitlement ends**
- When a customer who has a HB/CTB transitional addition has a break in HB/CTB and ESA entitlement, and
 - The break does not exceed 12 weeks, and
 - During the benefit week the new HB/CTB entitlement begins, is or whose partner is getting ESA (but not ESA(IR),
- the transitional addition included in the applicable when HB/CTB entitlement ended, will be reinstated

Reinstating the Transitional Addition – linking rules

- **The 104 week linking rule**
- The 104 week linking rule for protecting the HB/CTB transitional addition applies when a customer who has a HB/CTB transitional addition has a break in HB/CTB and ESA, and
 - The break exceeds 12 weeks but not 104 weeks, and
 - During the break the customer has been a work or training beneficiary, and
 - During the benefit week the new HB/CTB entitlement begins, is or whose partner is getting ESA (but not ESA(IR))
- In these circumstances, the transitional addition is again included in the applicable amount. However, it must be eroded if any of the changes occurred during the break that would have reduced or removed it, had HB/CTB or ESA(C) not ended.

- Thank you for listening

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