

STATES OF JERSEY

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PUBLIC AND PRIVATE SECTOR HOUSING RENTAL SUBSIDY SCHEMES

**Lodged au Greffe on 3rd June 2003
by the Housing Committee**

STATES GREFFE

PROPOSITION

THE STATES are asked to decide whether they are of opinion –

to approve amendments to the Public and Private Sector Housing Rental Subsidy Schemes with effect from 1st January 2004, as follows –

- (a) to render ineligible for rental subsidy those applicants who either solely , or with partners, own liquid or fixed assets with a value equal to or in excess of £50,000 as set out in Section 3 of the report of the Housing Committee dated 3rd June 2003;
- (b) to increase the surcharges for adult children and dependants from £18 and £34 to £25 and £40 respectively;
- (c) to increase the proportion of rent payable as a percentage of income to a minimum of 18.01% at an income of £133 per week, gradually increasing to a maximum 26.34% at a weekly income of £437 and above;
- (d) to increase the minimum rent in line with the increase in (c) above; and
- (e) to remove the income disregard allowance for Invalidity and Disability benefits over a period of 3 years by making a one-third reduction each year.

HOUSING COMMITTEE

REPORT

1. Background

On 31st March 1992 the States approved measures to harmonise the Public and Private Sector rental subsidy schemes and now both operate within the same parameters.

In the 11 years since then, Rent Abatement and Rent Rebate annual costs have risen as shown below –

<i>Year</i>	<i>£'Million Abatements</i>	<i>£'Million Rent Rebate</i>
1991	7.10	0.56
1992	9.00	1.17
1993	10.00	2.36
1994	10.40	3.34
1995	10.50	3.97
1996	10.80	4.40
1997	11.20	4.89
1998	11.80	5.19
1999	12.30	5.27
2000	13.30	5.50
2001	13.90	6.00
2002	15.30	6.50
2003 (Estimated)	16.20	7.40

Rent rebate will rise as a result of any increase in Committee fair rents, however it is also accelerating in 2003 due to the provision of social housing by Housing Trusts. In the years 2002 and 2003, 379 units are being provided by Trusts. It has been noted that the percentage of abatement to gross rental income is also rising and is currently over 53%. This is eroding the net rental income which the Committee needs to fund its operations and if this erosion continues the Committee will not be able to meet its responsibility as a Landlord to utilise part of its rental income to properly maintain its dwellings in good repair.

The Committee's objectives continue to be –

- To ensure that rental subsidies are available and sufficient to assist those on low incomes to be able to afford decent accommodation.
- To ensure that it does not offer subsidies to those whose incomes and assets are sufficient to allow them to house themselves without assistance.

However, as part of the 2004 Fundamental Spending Review, the Committee was requested to submit a package of savings proposals which together amounted to at least 10% of the Committee's gross revenue expenditure for 2003. Two-thirds of the Housing Committee expenditure is made up of Rent Abatement and Rent Rebate, therefore it would have been impossible to consider savings of this amount which did not include, in fair measure, the rental subsidy schemes.

After scrutiny the Committee was required to save a net £1.512 million in rental subsidy payments in 2004. While the Committee has tried to make the savings where there is already income, e.g. by placing upper limits on the amounts of capital, by targeting households with adult children where there are other incomes, or by changing its treatment of Invalidity and Disability benefits which are currently an anachronism, savings of the magnitude required can only be achieved by reducing payments across the board. The Committee is satisfied that its schemes

are sufficiently generous at the moment to make certain changes without causing undue hardship. A significant majority of the tenants who are in receipt of either rent rebate or rent abatement pay a rent of less than £40 per week, as can be seen in Table A, and for very many of them the proposed increases will be minimal.

TABLE A

PERCENTAGE OF TENANTS IN RECEIPT OF SUBSIDY
BY RENTAL BAND

<i>Weekly Rent</i>	<i>Rebate Claimants</i>	<i>Abatement Claimants</i>	<i>Abatement Plus Rebate</i>
	%	%	%
Over £20 Less than £30	30.73	39.73	36.67
Over £30 Less than £40	9.95	13.05	12.00
Over £40 Less than £50	10.88	9.14	9.73
Over £50 Less than £60	9.02	8.17	8.46
Over £60 Less than £70	8.03	5.59	6.42
Over £70 Less than £80	6.87	4.40	5.24
Over £80 Less than £100	9.55	7.01	7.87
Over £100 Less than £120	7.63	5.42	6.17
Over £120 Less than £140	4.25	4.00	4.09
Over £140 Less than £160	1.80	1.65	1.70
Over £160 Less than £180	0.93	1.08	1.03
Over £180 Less than £200	0.35	0.68	0.57
Over £200	–	0.09	0.06
TOTAL	100.00%	100.00%	100.00%

Approximately 85% (3,850) of States tenants are in receipt of rent abatement. The total number of tenants in receipt of either rent abatement or rent rebate at any one time is currently just below 6,000.

29% of rebated tenants in the private sector pay an actual rent which is higher than the Committee's fair rent or their rent assessed by a valuer. These tenants must supplement this difference themselves. The average weekly gross rent paid by rebated tenants in the private sector is £143.96 and the average value of the supplement paid by these 29% of tenants is £29.67 per week.

2. Funding

The Committee's budgeted expenditure for 2003 comprises –

	<i>£(000)</i>	<i>£(000)</i>
Staff	2,904	
Premises	3,658	
Supplies and Services	210	
Transport	119	
Establishment	393	
Maintenance of States Properties	4,495	
Maintenance of Cottage Homes	<u>102</u>	
Non-subsidy expenditure		11,882
Subsidy Expenditure		
Rent Abatement	16,205	
Rent Rebate	<u>7,374</u>	
		<u>23,579</u>

Total Expenditure

35,461

The £11.88 million of non-subsidy expenditure covers all the Committee's operations, which includes major and minor maintenance of 4,500 properties, cleaning the estates, owners' rates, utilities, allocations, community housing, rent collection, housing law, policy and planning, finance and IT. The single largest item of expenditure in the above is £4.5 million in maintenance, both planned and responsive. This has been increasing year on year as shown –

<i>Year</i>	<i>Budget</i> £	<i>Actual</i> £
2000	3,640	4,146
2001	4,551	4,297
2002	4,445	4,529
2003	4,495	

It is not planned to increase maintenance expenditure in 2004, which means that it will suffer an effective cut due to the rise in the cost of living.

Rental subsidies are difficult to predict with any degree of accuracy. Once set up for the year they are also impossible to control, in that while a decision may be taken not to purchase an item in order to save money, it is not possible to turn a subsidy applicant away if they qualify under the terms of the scheme. The annual cost of individual rent subsidies can be large. For example –

- A family with 2 children on a low income £10,000
- A group home for 5 single people £20,000

Thus if there is a net increase of 5 low income families on the scheme, the extra cost is in the region of £50,000.

The non-subsidy budget is not protected from the subsidy budget, and is therefore vulnerable to it, and the way the funding is structured at the moment, it is quite possible, indeed likely, that the rental subsidies will compromise the Committee's ability to maintain its properties, with very damaging long-term effects.

The Committee considers that this situation is not satisfactory and believes that the non-subsidy expenditure should be ring-fenced from the subsidy expenditure in order to protect the ongoing and future condition of its assets, and also to enable it to carry out its duties as a social landlord.

3. Tenants with significant capital and /or assets

There is currently no fixed ceiling to the amount of savings or other assets which can be held before rental subsidy is withheld, although in practice if an applicant has sufficient capital to enable them to purchase a property sufficient for their needs then subsidy, in normal circumstances, would be refused.

At present, income from savings and investments is taken as assessable income, although because of the low rates of interest presently available this is frequently negligible. There is also no requirement for an applicant to maximise their investment income by prudent investments. Consequently it is not uncommon to see large capital sums being held in current accounts earning no interest.

The Committee believes that those tenants with significant capital or assets should no longer be eligible to claim rent subsidy.

Capital which would be taken into account would be –

- Savings in a bank or building society;

- Cash;
- National Savings Certificates;
- Stocks and Shares, unit trusts, investment bonds;
- Property unless it is part of a self-employed claimant's business assets.

Capital which would be disregarded for assessment purposes –

- Capital held in an income-producing annuity or occupational pension;
- A self-employed claimant's business assets;
- Certain compensation payments;
- A life insurance policy which has not been cashed in.

There are currently 60 Public Sector tenants and 45 Private Sector tenants with savings and investments of £50,000 and over, who are receiving rental subsidy.

In the United Kingdom, Housing Benefit is not paid to those who have savings and investments in excess of £16,000. The Committee proposes that Rental Subsidies are not paid to those with savings and investments or land and property valued at £50,000 and over.

It is estimated that if this proposal was implemented it would create savings over a 12-month period as follows –

Rent Abatement	£202,000
Rent Rebate	<u>£176,500</u>
Total Saving	<u>£378,500</u>

4. Surcharges

A surcharge is applied for adult children and dependants who are aged over 18 years and not in full-time education. No attempt is made to bring into assessment the full income of adult children as this is felt to be impractical and they are surcharged at a flat rate irrespective of their earnings. Surcharges may be waived at the discretion of the Committee in certain cases of disability.

The Committee proposes to increase charges from the 2003 rate to a more realistic level as set out below –

	<i>Current rate</i>	<i>Proposed Rate</i>
	£	£
Adult children 18 to under 25 years	18	25
Adult children 25 years and over	34	40
Lodgers	40	40

Tenants in receipt of rebate who take lodgers are surcharged £40 and it is not proposed to increase this. The effect of this on rents and rebates is shown in Tables B and C.

If the proposal is implemented in isolation it will save in a 12-month period.

Rent Abatement	£193,700
Rent Rebate	<u>£30,000</u>
Total	<u>£223,700</u>

However if the £50,000 ceiling is placed on capital it will reduce the incremental saving due to some of the surcharge payers already having been taken out of subsidy. The saving in this case would become –

Rent Abatement	£183,900
Rent Rebate	<u>£28,000</u>
Total	<u>£211,900</u>

It should be noted that when the increase in surcharges was first proposed the surcharge rates were only £14 and £28 respectively. They were increased to their current rates in April 2003 which has reduced the apparent incremental saving on current rates.

TABLE B

NUMBER AND MAKE UP OF REBATED TENANTS PAYING SURCHARGES

<i>Number of Private Sector tenants Paying Surcharge</i>	<i>Current Weekly Surcharge</i>	<i>Proposed Weekly Surcharge</i>	<i>Make-up of Surcharge</i>
45	£18	£25	1 child under 25 years
27	£34	£40	1 child over 25 years
4	£36	£50	2 children under 25 years
1	£52	£65	1 under 25 years and 1 over 25 years
2	£68	£80	2 children over 25 years
11	£40	£40	1 lodger
1	£58	£65	1 lodger plus 1 child under 25 years
91			

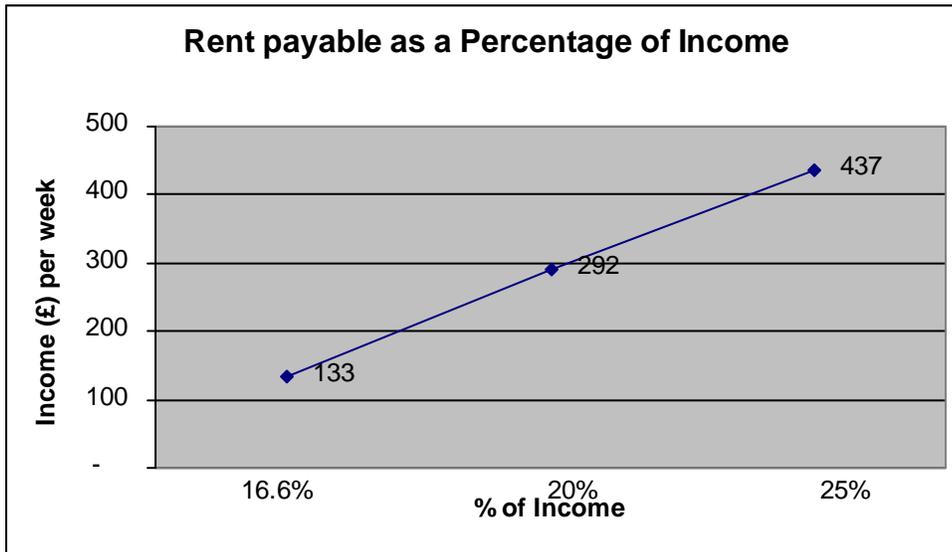
TABLE C

NUMBER AND MAKEUP OF ABATED TENANTS PAYING SURCHARGES

<i>Number of Public Sector tenants Paying Surcharge</i>	<i>Current Weekly Surcharge</i>	<i>Proposed Weekly Surcharge</i>	<i>Make-up of Surcharge</i>
	£	£	
206	18	25	1 aged 18 to 25
188	34	40	1 aged 25 and over
30	36	50	2 aged 18 to 25
20	52	65	1 under aged 25 and 1 over aged 25
2	54	75	3 under aged under 25
21	68	80	2 over aged 25
2	70	90	2 under aged 25 and 1 over aged 25
1	86	105	1 under aged 25 and 2 over aged 25
4	102	120	3 over aged 25
1	104	130	2 under aged 25 and 2 over aged 25
1	136	160	4 over aged 25
476			

5. Increasing the percentage of income payable as rent.

Since 1991 the rent subsidy schemes have operated on the basis that at lower income level a minimum of 16.66% of income is paid as rent, increasing gradually to a maximum of 25% of income at higher income levels. The current parameters are –



The current graduations of rent payable against these incomes are shown in Appendix 1 and the rent payable against these percentages can be seen in Table D.

The Committee proposes to increase the percentage of rent paid by 1.34% so that in future it is calculated on a line between 18.01 and 26.34%.

<i>Weekly Income £</i>	<i>% Income paid as Rent 2003</i>	<i>Proposed % Paid 2004</i>
133	16.667	18.01
292	20.000	21.340
437	25.000	26.340

The effect of this on a range of incomes is demonstrated in Tables D and E, which show the situation for a property which has rent payable of £170 per week, the current fair rent for a new 2-bedroomed flat.

This is the most significant change and it is estimated that it would save in a 12-month period –

Rent Abatement	£437,300
Rent Rebate	<u>£293,800</u>
Total	<u>£731,100</u>

TABLE D

RENT PAYABLE USING CURRENT PERCENTAGES IN
RENT CALCULATIONS

<i>Weekly Rent £</i>	<i>Weekly Income £</i>	<i>% of Income %</i>	<i>Tenant's Contribution £</i>	<i>Subsidy £</i>
170.00	133.00	16.667	22.17	147.83

170.00	292.00	20.000	58.40	111.60
170.00	437.00	25.000	109.25	60.75
170.00	500.00	25.000	125.00	45.00
170.00	600.00	25.000	150.00	20.00
170.00	700.00	25.000	170.00	Nil

TABLE E

RENT PAYABLE USING PERCENTAGE CALCULATORS INCREASED
BY 1.34%

<i>Weekly Rent</i>	<i>Weekly Income</i>	<i>% of Income</i>	<i>Tenant's Contribution</i>	<i>Subsidy</i>	<i>Increase in Tenant's Contribution</i>
£	£	%	£	£	£
170.00	133.00	18.007	23.95	146.05	1.78
170.00	292.00	21.34	62.31	107.69	3.91
170.00	437.00	26.34	115.11	54.89	5.86
170.00	500.00	26.34	131.70	38.30	6.70
170.00	600.00	26.34	158.04	11.96	8.04
170.00	700.00	26.34	170.00	Nil	–

6. Increasing the Minimum Rent payable

Minimum rent is the lowest rent payable and is currently £20.83 for a single tenant and £34.56 for a couple. This rent is not calculated from the subsidy calculator, it is a set sum and it has been increased each year by the cost of living.

A tenant will be placed on minimum rent if their *regarded* income is currently below £133 for a single person or £192.85 for a couple. This does not mean that the total income is below this amount, but that the regarded income falls below this level. Also, if a tenant is in receipt of regular welfare payments or a regular income from a recognized charitable source, they will automatically be placed on minimum rent irrespective of their regarded income.

However, this minimum rent figure, although not assessed from the subsidy curve, does follow the trend of it, and consequently if the percentage of income payable in rent rises by 1.34% as shown in Section 5, there will be a disproportionate gap between the minimum rent and the rent payable as calculated from the subsidy curve –

<i>Tenancy Make-up</i>	<i>Minimum Rent</i>	<i>Current Lowest Calculated Rent</i>	<i>Difference Between Calculated Rent and Minimum Rent</i>	<i>Lowest Calculated Rent if % Income Paid is Increased By 1.34%</i>	<i>Difference Between Calculated Rent and Minimum Rent</i>
	£	£	£	£	£
Single	20.83	22.17	1.34	23.94	3.11
Couple	34.56	34.56	0	37.15	2.59

There is currently a difference of £1.34 between minimum rent and the lowest assessed rent for a single tenant, if the percentage of rent payable against income was to be increased by 1.34% this difference would rise to £3.11. The difference for a couple would be slightly less at £2.59.

If the cost of living index keeps to its historic pattern, minimum rent could reasonably be expected to increase by at least 4% at the end of 2003, which would bring it up to £21.67 and £35.95 respectively. However, at the lower end of the scale minimum rent is 6% below calculated rent. To keep this relationship minimum rent would rise

from –

	<i>Current</i>	<i>Proposed</i>	<i>% Increase</i>
Single	£20.83	£22.50	8%
Couple	£34.56	£36.64	6%

Table F shows the effect on a range of weekly incomes between £100 and £600, of increasing both percentage of rent payable against income and also minimum rent.

It is estimated that the saving from this change over a 12-month period would be –

Rent Abatement	£56,600
Rent Rebate	£16,100
Total	<u>£72,700</u>

TABLE F

Weekly Income	Tenant's Contribution (Net Rent Payable)	Tenant's Contribution (Net Rent Payable)	Increase	Caused by
	2003 Current	2004 Proposed		
	£	£		
100	20.83	22.50	1.67	Increase Minimum Rent
125	20.83	22.50	1.67	Increase Minimum Rent
150	25.53	27.54	2.01	Increase % Payable against Income
175	30.71	33.05	2.34	Increase % Payable against Income
200	36.14	38.82	2.68	Increase % Payable against Income
225	41.84	44.85	3.01	Increase % Payable against Income
250	47.80	51.15	3.35	Increase % Payable against Income
275	54.02	57.70	3.68	Increase % Payable against Income
300	60.83	64.85	4.02	Increase % Payable against Income
325	68.70	73.05	4.35	Increase % Payable against Income
350	77.00	81.69	4.69	Increase % Payable against Income
375	85.73	90.76	5.03	Increase % Payable against Income
400	94.90	100.26	5.36	Increase % Payable against Income
425	104.49	110.19	5.70	Increase % Payable against Income
450	112.50	118.53	6.03	Increase % Payable against Income
475	118.75	125.12	6.37	Increase % Payable against Income
500	125.00	131.70	6.70	Increase % Payable against Income
525	131.25	138.29	7.04	Increase % Payable against Income
550	137.50	144.87	7.37	Increase % Payable against Income
575	143.75	151.46	7.71	Increase % Payable against Income
600	150.00	158.04	8.04	Increase % Payable against Income

7. Changing the Treatment of Income from Invalidity and Disability Benefit from Disregarded to Regarded

The treatment of Invalidity and Disability benefits for rental assessment is currently out of line with the treatment of the 2 other similar benefits, namely Pensions and Sickness Benefit, in that Invalidity and Disability Benefits are disregarded while the others are regarded as income. When tenants in receipt of Invalidity or Disability Benefit

reach pensionable age they are confused to find that while their income has remained the same their rent subsidy has reduced. Also, when Invalidity or Disability Benefit is not the only income in the family further inequities arise.

Tables G and H compare the rent payable between tenants who have similar incomes made up in different ways. In 2003, minimum rent is £20.83 for a single person and £34.56 for a couple. It can be seen that the first 3 single tenants all have the same income, £134.56 per week, but Mrs. B pays £1.64 less rent than the other two, because her income is all Invalidity/Disability Benefit and is disregarded. As income rises, so the inequities become more pronounced. For Mr. and Mrs. D and E, who both have incomes of £223.37, i.e. the level of a pension or benefit for a couple, the difference is £7. The last two couples have a gross income of £400 per week and the difference has risen to £43.29 because Mr. and Mrs. G earn all of their £400, but Mr. and Mrs. H have part of it as benefit. Mr. and Mrs. G will, furthermore, have to pay their social security contribution of £400, while Mr. and Mrs. H will only pay it on £265.44.

It is proposed to remove the income disregard for Invalidity and Disability Benefit over 3 years by making a one third reduction each year.

It must be noted that the above proposal only applies to Invalidity and Disability benefits. It does NOT apply to –

- Disability Transport Allowance
- Attendance Allowance
- Carers Allowance
- Adult Disability Allowance
- War Disability Pension
- Welfare Payments
- Income from Charitable Trusts.

Table I illustrates the effect of bringing the change in over 3 years to prevent a sudden drop in disposable income. There is an inevitable anomaly to gradual introduction because during the first 2 years it will not impact upon tenants whose only income is made up of these benefits, because their regarded income will remain at the minimum rent level with the whole impact in year 3. For tenants who have mixed regarded income streams, it will probably begin to impact in year 1.

Current Number of Tenants in Receipt of Invalidity/Disability Benefit	Abatement	Rebate
	680	158
Number of Tenants Affected in Each Year	Abatement	Rebate
2004	200	52
2005 (Cumulative Total)	245	71
2006 (Cumulative Total)	575	121

It can be seen from the figures above that not all tenants in receipt of Invalidity or Disability benefit will be affected by these changes. This is because some of them are also in receipt of regular welfare or charitable income which normally entitles them minimum rent.

The forecast of additional income and reduced expenditure, at *current* rates for both rebate and abatement is a net gain of about £152,000 in 2004, rising to a total of £597,000 per year by 2006.

TABLE G

TENANTS' CONTRIBUTIONS WITH INVALIDITY AND DISABILITY BENEFITS
DISREGARDED

(SHOWN AT 2003 RATES)

<i>Tenant</i>	<i>Invalidity/ Disability weekly £</i>	<i>Pension £</i>	<i>Sickness Benefit £</i>	<i>Earned Income £</i>	<i>Total Weekly Income £</i>	<i>Total Regarded for Assessment £</i>	<i>Tenants Contribution to Rent £</i>
Mrs. A		134.56			134.56	134.56	22.47
Mrs. B	134.56				134.56	Nil	20.83
Mrs. C			134.56		134.56	134.56	22.47
Mr. and Mrs. D	223.37				223.37	Nil	34.56
Mr. & Mrs. E		223.37			223.37	223.37	41.46
Mr. & Mrs. G				400.00	400.00	400.00	94.90
Mr. & Mrs. H	134.56			265.44	400.00	265.44	51.61

TABLE H

TENANTS' CONTRIBUTION WITH INVALIDITY AND DISABILITY BENEFITS REGARDED
(SHOWN AT 2003 RATES)

<i>Tenant</i>	<i>Invalidity/ Disability weekly £</i>	<i>Pension £</i>	<i>Sickness Benefit £</i>	<i>Earned Income £</i>	<i>Total Weekly Income £</i>	<i>Total Regarded for Assessment £</i>	<i>Tenants Contribution to Rent £</i>
Mrs. A		134.56			134.56	134.56	22.47
Mrs. B	134.56				134.56	Nil	22.47
Mrs. C			134.56		134.56	134.56	22.47
Mr. & Mrs. D	223.37				223.37	Nil	41.46
Mr. & Mrs. E		223.37			223.37	223.37	41.46
Mr. & Mrs. G				400.00	400.00	400.00	94.90
Mr. & Mrs. H	134.56			265.44	400.00	265.44	94.90

TABLE I

EFFECT OF INTRODUCING THE CHANGES OVER THREE YEARS (SHOWN AT 2003 RATES)

<i>Household Income</i>			<i>Year 1</i>		<i>Year 2</i>		<i>Year 3</i>		
<i>Invalidity/ Disability Received £</i>	<i>Other Regarded Income £</i>	<i>Current Assessed Income £</i>	<i>Current Rent £</i>	<i>Assessed Income £</i>	<i>Rent £</i>	<i>Assessed Income £</i>	<i>Rent £</i>	<i>Assessed Income £</i>	<i>Rent £</i>
134.56	–	–	20.83	44.85	20.83	89.70	20.83	134.56	22.47
134.56	200.00	200.00	36.14	244.85	46.55	289.70	57.80	334.56	71.82
223.37	–	–	34.56	74.45	34.56	148.90	34.56	223.37	41.46
269.12	–	–	34.56	89.70	34.56	179.40	34.56	269.12	52.53
223.37	150.00	150.00	34.56	224.45	41.71	298.90	60.49	373.37	85.15

8. Effect of Increases on Complex Incomes

Tables B to J show the effect of each individual change, however if all the proposals are accepted then tenants who pay surcharges will be also affected in 2004 by at least one of the other proposals.

IPLES OF PROPOSED CHANGES IN WEEKLY RENT IN 2004 FOR 4 FAMILIES EACH WITH 1 ADULT
CHILD AGED 20 YEARS WHO IS NOT IN EDUCATION

Invalidity or Disability	Current Assessed Income	Current Basic Rent	Current Surcharge	Current Total Rent 2003	Proposed Assessed Income	Proposed Basic Rent	Proposed Surcharge	Proposed Rent 2004
£	£	£	£	£	£	£	£	£
–	450.00	112.50	18.00	130.50	450.00	118.53	25.00	143.53
134.56	300.00	60.83	18.00	78.83	344.85	79.89	25.00	104.89
269.12	–	34.56	18.00	52.56	89.71	36.64	25.00	61.64
134.56	–	20.83	18.00	38.83	44.85	22.50	25.00	47.50

Table J above shows how the weekly rent of four families all currently paying an adult surcharge of £18 will fare in 2004 under the new proposals.

Family 1 will be affected both by an increase in the percentage of their income which they must pay, plus the increase in the adult child surcharge.

Family 2 currently have £134.56 of their income totally disregarded. Under the proposals, one-third of this will be brought into assessment in 2004 plus the increases in percentage of assessable income payable, plus the increase in the adult child surcharge.

Families 3 and 4, who both receive Invalidation benefit which is currently disregarded will have one-third of their benefit regarded, but as this is below the minimum rent level they will still continue to pay their basic rent at minimum level. Minimum rent will have risen by 6% and 8% respectively, plus the surcharge has increased.

In each of the cases above it is assumed that the adult child is capable of bringing income into the home. If the child is in full-time education or registered disabled and in receipt of only adult disability allowance, the surcharge will be waived as is current policy.

9. Summary of Total Savings

The estimates of savings have been prepared on the basis of current data which has been adjusted for increases in both assessable income and fair rent of 3.5% in 2004.

<i>Proposal</i>	<i>Description</i>	<i>Rent Rebate</i> £	<i>Rent Abatement</i> £	<i>Total</i> £
1	Cap capital at £50,000	176,500	202,000	378,500
2	Increase dependent surcharge	28,000	183,900	211,900
3	Increase proportion of rent paid as a percentage of income by 1.34%	293,800	437,300	731,100
4	Increase minimum rent to keep in line with the increases in 3 above	16,100	56,600	72,700
5	To regard 1/3rd Invalidation and Disability benefit in 2004	30,000	122,000	152,000
	Total Estimated Saving 2004	544,400	1,001,800	1,546,200

There are no additional manpower implications arising from this proposition.