

Committee:	Executive	Agenda Item No.:	9.
Date:	28 th August 2012	Status	Open
Category	1. Decision within the functions of Executive 2. Part of the Budget and Policy Framework		
Subject:	Welfare Reforms		
Report by:	Assistant Director of Resources		
Other Officers Involved	Benefits Manager Billing and Recovery Manager		
Director	Director of Corporate Resources		
Relevant Portfolio Holder	Councillor E. Watts, Leader of the Council		

RELEVANT CORPORATE AIMS

STRATEGIC ORGANISATIONAL DEVELOPMENT
CUSTOMER FOCUSED SERVICES – Providing excellent customer focused services
SOCIAL INCLUSION – Promoting fairness, equality and lifelong learning.

TARGETS

ALL

VALUE FOR MONEY

The proposals in this report outline the forthcoming changes proposed under the Welfare Reform Act and consider the impact on local residents and on resources within the Authority to implement the changes.

1. BACKGROUND

1.1 Welfare Benefit Reform incorporates a number of changes to the benefit system which are intended to increase the incentive to work and reduce costs by some 10%. However, one impact of excluding some beneficiaries such as current pensioner couples results in a greater burden falling on others, particularly those in the working age population. The table below shows the working age population in Bolsover and those of **current** pensionable age who will be excluded from the changes.

Bolsover (2010) mid-year population estimates - ONS Crown Copyright Reserved [from Nomis on 13 July 2012]					
Population estimate (2010)		74600			
Age	Total		Employment Rate		
Aged 0 - 15	13,600		Age 16-64 - 34,800 in employment		
Aged 16 - 64	47,400		Age 16-64 - 75% (+/- 8%) in employment		
Aged 65 and over	13,600				
	74,600				
All of these figures are subject to varying degrees of confidence intervals/levels, etc.					

There are a series of changes introduced by the government as part of the Welfare Reform Act which will be implemented gradually in the years up to 2017. Major changes which come into force in April 2013 include:

1.2 The Benefit Cap

From April 2013 Central Government will be introducing a maximum 'benefit cap' for all benefit claimants.

For couples and lone parents the cap will be set at £500.00 per week and for single adults the cap will be £350.00 per week.

The cap will apply to the combination of the following benefits:

- Job Seekers Allowance
- Income Support
- Employment and Support Allowance (except where paid alongside ESA support component)
- Housing Benefit
- Child Benefit
- Child Tax Credits
- Carer's Allowance
- Maternity Allowance
- Universal Credit (from October 2013)

Any combination of the above benefits, totalling over £500.00 or £350.00 per week, will be subject to a 'benefits cap'. The DWP estimates that currently 15 households will be affected by this change in Bolsover.

Where applicable the benefit cap will be enforced by Local Authorities via a reduction in Housing Benefit. In the future it is anticipated that the benefits cap will be delivered via Universal Credit.

The following Benefits will **NOT** be taken into consideration when calculating the total income to which the cap will be applied:

- Council Tax Support
- Social fund payments
- Working Tax Credits
- Disability Living Allowance/Attendance Allowance
- Industrial Injuries Benefit
- Personal Independence Payments (from April 2013)
- Employment and Support Allowance if paid with the Support Component
- War Widows or War Widower's Pension

There will, however, be a 'grace period' whereby the benefits cap will not be applied for 39 weeks to those who have been in work continuously for the previous 12 months and who lose their job through no fault of their own.

1.3 Social Sector Under Occupation Changes

1.3.1 Housing Benefit entitlement for working age customers, occupying Social Sector Housing (i.e. Housing Association and Council Properties) will be subject to a restriction to their Housing Benefit. This applies should the property that they occupy be larger than their household requirements.

For Housing Benefit purposes one bedroom will be allowed for each person/couple living as part of the household, with the following exceptions:

- A child of 15 or under will be expected to share with another child of the same gender;
- A child of 9 or under will be expected to share with another child of 9 or under regardless of gender.

1.3.2 A bedroom will be allowed for a non-resident carer where they provide overnight care for the claimant or their partner. The extra 'bedroom' will be awarded in cases where the Local Authority is satisfied of the requirements for care and the arrangements that have been put in place.

The 'eligible' rent will be subject to a 14% restriction for being one bedroom under occupied and will be restricted by 25% for being two bedrooms under occupied.

1.3.3 A short term solution is to apply for Discretionary Housing Payments (DHPs). However, it is important to note that DHPs are normally only awarded for a temporary period in order to allow individuals time to explore their options. Likewise, grant levels in respect of DHPs are very limited.

1.4 Council Tax Support

1.4.1 From April 2013 Council Tax Benefit will end. However, it will be replaced by a local scheme called 'Council Tax Support'.

Funding for any new scheme will be reduced by 10% of that provided for Council Tax Benefit and therefore it is envisaged that changes will have to be made in order to account for the reduced funding.

1.4.2 Claimants of current pensionable age will not be affected by any change from Council Tax Benefit to Council Tax Support. The Council has been working collaboratively with other Derbyshire Districts and the County to establish a common approach. This has been challenging due to the different demographics of each authority. The government has advised that authorities must consult on the proposed scheme before it is adopted by the Council, for a minimum of 8 weeks. A consultation plan has been drafted for the exercise which will take place throughout September and October. A separate report which appears elsewhere on this agenda details the proposals for a new Council Tax Benefit Scheme.

1.5 Universal Credit

1.5.1 The Government is proposing to introduce a new type of Benefit known as 'Universal Credit' commencing from October 2013.

Universal Credit will replace a range of Benefits including:

- Job Seekers Allowance
- Housing Benefits
- Child Tax Credits
- Working Tax Credits
- Income Support
- Income Related Employment and Support Allowance.

1.5.2 Universal credit will be implemented incrementally, although there are no details from government yet as to how. All 'Working' age customers will be assessed under Universal Credit by October 2017. Payment of Universal Credit will be administered by the DWP using an on-line system with alternative access kept to a minimum, and an on-line system for reporting of

changes of circumstances. Payments will be made monthly directly into bank accounts. The plan is for Her Majesty's Revenue and Customs (HMRC) to have a new IT system which will operate on 'real time' PAYE information from claimants thereby allowing benefit payments to be automatically adjusted.

1.6 Personal Independence Payment

1.6.1 Disability Living Allowance (DLA) is to be replaced with a new benefit called Personal Independence Payment from April 2013. DLA is a non means tested non-taxable benefit that is awarded according to a person's care needs (care component) and/or mobility difficulties (mobility component). There are currently three levels of care component and two levels of mobility component.

1.6.2 The Personal Independence Payment (PIP) is to be maintained as non means tested and non-taxable. The assessment of care and mobility needs is to shift to one undertaken by an independent health professional (i.e. not the claimant's GP or specialist) and to focus around new criteria. The new PIP structure has two levels of care component and two levels of mobility component.

1.6.3 All existing claimants of DLA will be re-assessed under this new framework between autumn 2013 and 2016. As set out in the DWP Personal Independence Payment Impact Assessment, the government intention is to reduce the 'caseload' (i.e. number of claimants), and the overall cost of DLA by 20% through the introduction of PIP.

DWP claimant data for August 2011 indicates that there are between 25,000 and 27,000 claimants of DLA of working age in Derbyshire, all of whom will be subject to re-assessment.

1.7 Social Fund – Community Care Grants and Crisis Loans

1.7.1 The Social Fund is a system of grants and loans paid to individuals usually with criteria about receiving means-tested benefits. The national framework for some parts of the Social Fund is to be replaced with local provision administered by upper tier and unitary authorities – these being Community Care Grants, and Crisis Loans for living expenses and items following a disaster. Other aspects of the 'discretionary social fund' are to be rolled into the Universal Credit as Short Term Advances, and Budgetary Advances.

1.7.2 Social Fund payments associated with maternity, funeral expenses, and cold weather payments will be retained by the DWP. The funding and responsibility will be transferred for April 2013 onwards. The 2009/10 spend for Crisis Loans in Derbyshire was £995,700; and for Community Care Grants was £1,030,200. However there is downward pressure on the Social Fund spend from Government, particularly on Crisis Loans, so the actual figures for 2012/13 are likely to be lower than this.

1.7.3 There are other changes to be introduced as part of the Welfare Reform Act which includes for example Child Tax Credits and Employment Support Allowance. All the changes as proposed at this point are scheduled in Appendix 1.

2. ISSUES/OPTIONS FOR CONSIDERATION

2.1 The Authority is obliged to implement those elements of Welfare Reform legislation for which it is responsible. Whilst officers are working through the changes and highlighting points of impact on residents the full impact is not yet known. This reflects a combination of the fact that some of the schemes are administered by DWP and the data is not available to local authorities.

Secondly, local authorities are awaiting revised software which will enable us to analyse our own data in order to assess the impact on local residents. It is anticipated that the additional information required will start to become available by the end of this month.

3. IMPLICATIONS

3.1 Financial: There may be an increase in housing rent arrears and Council Tax arrears arising from reduced household/personal income. This will result in both loss of income to local authorities and increased administration costs in recovering monies due. For those in receipt of benefits there will be a number of local residents who see a significant reduction in their income levels.

3.2 Legal: The Council is required to implement legislation and continues to be responsible for collecting Council Tax and housing rents.

3.3 Human Resources: It is anticipated that there will be an increase in the face to face and telephone contacts with frontline staff as enquiries increase about the impact of the changes. This will impact on telephone answering times and waiting times within the Revenues and Benefits Service and Customer Service. The Housing service is likely to receive an increase in applications for smaller properties which are not currently available from within existing stock.

RECOMMENDATIONS that the Executive

- 1. Notes the content of the report on Welfare Benefit reforms and potential local effects.**
- 2. Notes that a Welfare Benefit Reform officer working group has been established to coordinate communication, training/briefings and monitoring the impact of the new legislation.**

3. **Notes that a general communication campaign to inform and raise awareness of the changes and the advice /help that is available from both within the Revenues and Benefits, and Housing services as well as relevant advice agencies is being put together, that information is being made available through the Council's website, newsletters In Touch and Homing In.**
4. **Notes that proactive work is being undertaken with advice agencies in order to develop a comprehensive signposting and referral service to support those affected.**
5. **Approves the establishment of a pilot project to be undertaken in South Normanton through which residents will be advised about the welfare reform changes through face to face contacts at the Contact Centre and via the telephone through the Revenues and Benefits Service. Benefits staff will also work from the Contact Centre to provide one to one advice. It is proposed the pilot operates during October and November 2012.**
6. **Notes that a series of briefing and training events will be arranged for staff and members.**

REASON FOR DECISION TO BE GIVEN IN ACCORDANCE WITH THE CONSTITUTION

To inform members of the parameters of the changes to be introduced as part of the Welfare Reform Act and to approve the Council's response to communicate the changes to residents and to monitor the impact of the legislation.

ATTACHMENTS: Appendix 1 Welfare Reform Act changes

<http://www.dwp.gov.uk/policy/welfare-reform/legislation-and-key-documents/welfare-reform-act-2012/welfare-reform-draft-regulations/>