

COMMITTEE: SRP JOINT

REF NO: SRP/15/07

DATE: 9 SEPTEMBER 2015

SUBJECT: WELFARE REFORM UPDATE

PORTFOLIO HOLDER: COUNCILLOR SOPHIE MEUDEC

HEAD OF SERVICE: EVELYN CROSSLAND

Short description of report content and the decision requested:

This report describes the initial impact of the welfare reform changes and an update on the future changes.

Ward(s) affected:

All

List of Appendices included in this report:

Appendix 1 – Summary of Discretionary Housing Payment expenditure

Appendix 2 – DHP revised policy

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This report was prepared after consultation with:

Internal consultees

David Johnson, Operational Manager, Benefits

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Jon Hudson, Operational Manager Finance and Procurement, Ipswich

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External consultees, Katherine Steel, Head of Corporate Resources, Babergh

& Mid Suffolk District Council

The following policies form a context to this report:

(all relevant policies must also be referred to in the body of the report)

Building a Better Ipswich

1. Introduction

- 1.1 This report provides an update on the benefit changes and the initial impact on the councils.
- 1.2 The report also provides a summary of the current information we hold with regards to the future changes scheduled in 2015/16.

2. Background

- 2.1 On 17 February 2011 the Government published the Welfare Reform Bill and it received Royal Assent on 8 March 2012.
- 2.2 The Bill legislates for the biggest change to the welfare system for over 60 years.
- 2.3 The Government's Welfare Reform bill introduces a wide range of reforms with the objective of making the benefit and tax credit systems simpler by:
 - Creating the right incentives to get more people into work by ensuring work always pays
 - Merging out of work benefits and tax credits to create a single Universal Credit
 - Reforms to other benefits and tax credits aimed at reducing the cost of the benefits system.

3. Implementing the size criteria to social rented claims

- 3.1 On 1 April 2013 Housing Benefit for working age social rented sector customers (local authority, housing association tenants) was restricted, for those who are occupying a larger property than their household size and structure would warrant. The numbers affected at the start of the implementation is shown below:-

Cases affected by Social Sector Size Criteria			
Type	BDC	IBC	MSDC
Working Age LA HB Claims	983	3,387	794
Working Age HA HB Claims	783	2,471	523
Total Working Age Social Sector HB claims	1,766	5,858	1,317
Found to be 1 Bed too many	470	1,362	280
% 1 Bed too many	26.61%	23.25%	21.26%
Average restriction	£13.00	£12.07	£12.17
Found to be 2 Beds too many	100	264	58
% 2+ Bed too many	5.66%	4.51%	4.40%
Average restriction	£23.53	£22.58	£22.48
Total Working Age HB affected	570	1,626	338
Total % Affected	32.28%	27.76%	25.66%

- 3.2 The table below reflects the numbers affected by the size criteria to social rented claims as at 31 July 2015.

Removal of the Spare Room Subsidy cases as at 31st July 2015

Cases affected by Removal of the Spare Room Subsidy as at 31 Jul 15			
Council	Babergh	Ipswich	Mid-Suffolk
Working Age HA Cases	823	2,596	605
HA 1 Bed Excess	149	356	144
HA 2 or more Bed Excess	23	46	16
Working Age LA Cases	928	3,246	794
LA 1 Bed Excess	266	662	186
LA 2 or more Bed Excess	52	180	44
Total Working Age Social	1,751	5,842	1,399
Total 1 Bed Excess	415	1,018	330
Total 2 or more Bed Excess	75	226	60
Total affected	490	1,244	390
% HA 1 Bed Excess	18.10%	13.71%	23.80%
% HA 2 or more Bed Excess	2.79%	1.77%	2.64%
% LA 1 Bed Excess	28.66%	20.39%	23.43%
% LA 2 or more Bed Excess	5.60%	5.55%	5.54%
% Total 1 Bed Excess	23.70%	17.43%	23.59%
% Total 2 or more Bed Excess	4.28%	3.87%	4.29%
% Working Age Cases Affected	27.98%	21.29%	27.88%

4. Discretionary Housing Payments (DHPs)

- 4.1 The table below is a reminder of the DHP funding from central government.

	2012/13	2013/14	2014/15	2015/16
Babergh	£55,560	£115,215	£108,998	£83,945
Ipswich	£150,517	£289,363	£319,340	£246,262
Mid Suffolk	£36,773	£88,555	£78,731	£57,914

- 4.2 DHP funding was increased in 2013/14 to assist with the impact of the new welfare reforms on benefit claimants. The overall funding for 2015/16 is £125 million. This comprises of funding for four separate areas of support – Core funding, Local Housing Allowance (LHA), Removal of the Spare Room Subsidy (RSRS) and benefit cap. The government has previously committed to maintaining the level of funding to support those affected by the RSRS and this will remain at £60 million.

Distribution of the funding is based on the effect of each element on individual LAs.

- 4.3 A DHP may be awarded when a LA considers that a claimant requires further financial assistance towards housing costs and is in receipt of a social security benefit which qualifies them for a DHP payment.

- 4.4 There is no definition of the phrase “further financial assistance” in law. It is up to the LA on how to interpret it. However, in most cases a claimant is expected to demonstrate that they are unable to meet housing costs from their available income or that they have a shortfall that they cannot meet as a result of the welfare reforms.
- 4.5 Awards of DHP have been made to assist claimants in a variety of circumstances such as
- Reductions in HB where the benefit cap has been applied
 - Reduction in HB due to the maximum rent (social sector size criteria)
 - Reduction in HB as a result of local housing allowance (LHA)
 - Rent deposits and rent in advance where claimant is moving to a smaller, more affordable home or fleeing the home due to domestic violence.
- 4.6 **Appendix 1** details the amount of DHP each authority has either awarded or committed as at the end of July 2015.
- 4.7 Ipswich DHP expenditure at 31 July 2015 totals £88,406.60 and we have awarded a DHP to 219 claimants. Of these 219 awards, 106 residents have been given a DHP due to the impact of the Removal of the Spare Room Subsidy (RSRS). 35 residents in private rented accommodation have been awarded a DHP where the Local Housing Allowance (LHA) is less than their rent. A further 35 awards have been made for “one off” costs such as advance rent and deposits to enable residents to move to smaller / more affordable accommodation.
- 4.8 Mid Suffolk’s DHP expenditure at 31 July 2015 totals £28,854.60 and an award has been made to 60 claimants. Of these 60 awards, 30 have been made to those who have been impacted by the Removal of the Spare Room Subsidy. 6 awards have been made those impacted by the Local Housing Allowance rate. A further 13 residents have been awarded a “one off” payment such as for rent in advance, rental deposit removal expenses.
- 4.9 At 31 July 2015 Babergh’s DHP expenditure totaled £35,379.56 and awards have been made to 115 residents. Of these 79 awards have been made to those impacted by the Removal of the Spare Room Subsidy. 19 one off rewards have been to cover advance rent, deposits and removal expenses.
- 4.10 Following a successful legal challenge against Sandwell MBC’s policy of using Disability Living Allowance when deciding to allocate a DHP, SRP has worked with an external barrister and has revised the SRP’s DHP policy / guidance. This can be found at **Appendix 2**.

5. Benefit Capping

- 5.1 The number of households subject to benefit capping at the current £26k cap as at 1st August 2015 are as follows:-

SRP Capping Cases as at 1st August 2015			
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Council	No Cases	No Children	Avg Child per case	Avg Cap	Highest Cap	Lowest Cap
BDC	8	40	5.00	£43.55	£72.09	£10.99
MSDC	15	71	4.73	£45.88	£89.39	£9.67
IBC	52	253	4.87	£45.35	£140.22	£4.19
TOTAL	75	364	4.85	£45.26	£140.22	£0.84

6. Universal Credit (UC)

- 6.1 We now have the UC “go live dates” for our three authorities. Universal Credit claims will be taken in Mid Suffolk and Babergh from 28 September 2015 and in Ipswich from 11 November 2015.
- 6.2 The initial roll out of Universal Credit will only involve new claims from single unemployed claimants who would normally have claimed Jobseekers Allowance (JSA). These claimants can have housing costs but only if they live in rented accommodation. In addition there are further criteria to fulfil in order to claim Universal Credit. DWP have provided us with indicative number of expected Universal Credit claimants from “go live” date to 31 March 2015. For Mid Suffolk 193 claims are anticipated; 161 in Babergh and 906 in Ipswich.
- 6.3 Universal Credit has already been rolled out in neighbouring Suffolk authorities. The number of applicants has been very small and to date the implementation has been positive.
- 6.4 With our Suffolk counterparts we now meet with Department of Work and Pensions (DWP) on a monthly basis to share good practise. We have jointly organised landlord forums during July where DWP provided both Social and Private Landlords with Universal Credit information. It should also be noted that gov.uk website provides landlords and potential UC claimants with a large quantity of information.
- 6.5 SRP officers are meeting regularly with our housing teams, helping with their preparations for the introduction of UC for their tenants.
- 6.6 We are working with Citizens Advice Bureaux who will provide budgeting support to Universal Credit recipients.
- 6.7 DWP have provided UC training material and this will now be delivered to our staff.

7. Further Welfare Reform changes

- 7.1 The purpose of this section is to provide a further update on the proposed benefit changes. It should be noted that at the time of writing this report we are still awaiting further clarification with regards to the proposed changes.

The Queen’s Speech 2015 covered the Full Employment and Welfare Benefits Bill. The main elements of the Bill are:

- 7.2 Working-age benefit freeze

- The new legislation would freeze the main rates of the majority of working-age benefits, tax credits, child benefit and Local Housing Allowance (LHA) for four years from 2016-17
- Pensioners would be protected, as would benefits relating to the additional costs of disability
- Statutory payments such as Statutory Maternity, Paternity and Adoption pay would also be exempted.
- Last year working age benefits increased by 1% and so for example Income Support and JSA for under 25s increased from £57.35 per week to £57.90 and for over 25s £72.40 to £73.10.
- Latest figures from Ipswich Job Centre show that Ipswich has 1,981 Income Support (IS) claimants; 2,104 Job Seekers Allowance (JSA) and 6,023 Employment support Allowance (ESA) claimants. Stowmarket has 268 IS claimants; 301 JSA and 948 ESA claimants and Sudbury register consists of 318 IS claimants; 244 JSA and 1,070 ESA claimants.

7.3 Lowering the benefit cap

- The new legislation would lower the benefit cap so that the total amount of benefits a non-working family can receive in a year would be £23,000 per annum in Greater London and £20,000 in the rest of the UK (it is currently £26,000).
- The Bill does not provide any implementation date and the DWP has suggested that the change may be rolled out on different dates on a geographical basis
- Households are exempt where someone is entitled to working Tax Credit or is in receipt of benefits relating to additional costs of disability, or War Widow's and Widower's Pension
- At the time of writing this report we have requested but not received data from DWP with regards to the number who will be affected by this change.

7.4 Youth Offer.

There will be a youth offer that will:

- Put in place a new Youth Allowance for 18-21 year olds with stronger work related conditionality from Day 1. After 6 months they will be required to go on an apprenticeship, training or community work placement.
- From April 2017 remove automatic entitlement to housing support for 18-21 year olds however we are anticipating exclusions such as vulnerable groups, young people unable to live with parents etc.
- Provide Jobcentre Plus adviser support in schools across England to supplement careers advice and provide routes into work experience and apprenticeships.
- IBC currently has 437 18 to 21 year olds in receipt of HB; Babergh 87 and MSDC 66

7.5 Changes to child tax credit

Family element of child tax credit will be removed for any claims which do not include a child born before 6 April 2017 and limits the number of children that can be included in a claim to two unless there is a prescribed exception.

7.6 Number of Children in UC and HB claims

Amended to limit the number of children that can be included in the claims to two and also to remove the family premium and higher amount paid for the first child

7.7 Employment Support allowance (ESA)

Removal of the work-related activity component in ESA and the limited capability for work element in Universal Credit.

7.8 Housing Benefit Backdating

Although not mentioned in the budget speech the budget statement confirms that from April 2016 the period over which a Housing Benefit claim can be backdated will reduce from 6 months to 4 weeks. The budget statement does not say whether this will apply only to working age housing benefit recipients or also apply to Pension Credit age where the current backdating limit is 3 months.

8. Equalities and Diversity Implications

8.1 Under the general equality duty as set out in the Equality Act 2010, public authorities are required to have due regard to the need to eliminate unlawful discrimination, harassment and victimisation as well as advancing equality of opportunity and fostering good relations between people who share a protected characteristic and those who do not.

8.2 The protected grounds covered by the equality duty are: age, disability, sex, gender reassignment, pregnancy and maternity, race, religion or belief, and sexual orientation. The equality duty also covers marriage and civil partnership, but only in respect of eliminating unlawful discrimination.

8.3 The law requires that this duty to have due regard be demonstrated in decision making processes. Assessing the potential impact on equality of proposed changes to policies, procedures and practices is one of the key ways in which public authorities can demonstrate that they have had due regard to the aims of the equality duty."

8.4 Equality analysis has been completed in respect of our council tax reduction schemes and the on the guidance for the award of Discretionary Housing Payments and Discretionary Financial Assistance.

8.5 Further meetings have been arranged with our key stakeholders to monitor the impact on our mutual customers.

9. Conclusions

9.1 The Welfare Reform Corporate Working groups continue to meet to ensure a continuing smooth implementation of the benefit changes.

9.2 We are establishing external working partnerships to work together to implement Universal Credit.

9.3 We will continue to keep all members updated on the impact of the changes with regular briefing sessions.

10. Recommendations

10.1 The Joint Committee to note the report.

10.2 The Joint Committee accepts the Discretionary Housing Payment Policy, attached at Appendix 2 to report Ref No: SRP/15/07.