

Body: Cabinet

Date: 5 February 2014

Subject: Impacts of Welfare Reform and the Council's response.

Report Of: Ian Fitzpatrick, Senior Head of Community

Ward(s) All

Purpose To update Cabinet on the impacts of Welfare Reform

Recommendation: That Cabinet endorses the measures taken to support residents affected by Welfare Reform.

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1.0 Introduction

1.1 The coalition government have introduced a series of reforms to the Welfare System since coming into power in. Amongst the reforms are:

Date	Change	Numbers affected (where available EBC in brackets)	Average weekly loss (where available EBC in brackets)
Jan 2012	Under 35s only eligible for shared room rate of housing benefit	62,500 (63)	£41 (£33)
Apr 2012	Couples with children need to work 24 hours with at least one working 16 to qualify for working tax credits	212,000 families	Up to £75
May 2012	One year time limit on contributory ESA	700,000 by 2015/16	£36
Apr 2013	Under-occupancy penalty ('bedroom tax')	660,000 (407)	£14 (£15.55)
Apr 2013	Local Housing Allowance uprated by CPI rather than rents	There were 1.39 million LHA claimants in April 2013	Notional loss
Apr 2013	Council Tax Benefit replaced with local Council Tax Support schemes	2.4 million (470)	£2.65 (£4.60)
Apr 2013	Disability Living Allowance replaced by Personal Independence Payment	450,000 lose existing	

		entitlement by 2018, 607,000 fewer than if DLA had remained	
Apr 2013	Benefits increased by 1% rather than CPI inflation	9.6 million	£3
Apr 2013	Overall benefit cap (£350 for singles, £500 for others)	40,000 (53) households	£93 (£36)

1.2 These are the biggest changes to the Welfare State since its inception and represent major challenges not only to those who rely on support but also on those services, including the Council, which support some of our most vulnerable residents.

1.3 This report sets out some of the impacts that the raft of changes has brought about and updates Members on the efforts of the Council to support those affected.

2.0 Universal Credit

2.1 Universal Credit (UC) is the flagship welfare policy of the coalition government. Its aim is to simplify the benefits system, by bringing together several state benefits, including Housing Benefit, and to always make work pay.

2.2 The introduction of UC has been beset by problems, mainly due to the complexity of the IT system required to administer it. The initial aim to have all new claims for the affected benefits to move to UC in October 2013 has not been met. There are currently several pilots taking place that will deal with the simplest type of claim i.e. single people with no dependants, no disabilities and no housing costs.

2.3 Significant features of UC are that claimants will receive a single monthly payment, rather than the current system of several individual payments of different benefits, for example Jobseeker's Allowance and housing benefit, at different times. UC, including the housing costs element (the equivalent of HB), will be paid directly to the claimant - at present HB is paid directly to the landlord for most claims in the social rented sector.

2.4 The latest timetable would see UC being in place for all new claims during 2016, with existing claims migrated to UC by the end of 2017.

3.0 Spare Room Subsidy

3.1 The spare room subsidy, or the 'bedroom tax' as it is also known, aims to limit the amount of housing benefit for working-age claimants who occupy social sector housing to the number of bedrooms the household needs. A similar, but not identical system, Local Housing Allowance, has been in place in the private rented sector for several years.

3.2 Under the spare room subsidy rules, if a household have one bedroom more than needed their housing benefit is reduced by 14%, and by 25% if they

have more than one bedroom too many.

3.3 An aim of the policy is to reduce the number of people waiting for social housing by freeing up properties that are under-occupied. However, a shortage of one and two bedroom properties means that many people affected by this, who may want to downsize, find that there are no smaller properties available.

3.4 In Eastbourne 407 people have seen a reduction of, on average, £15.55 per week, making an annual loss of £329.1k.

4.0 The Benefit Cap

4.1 The Benefit Cap limits the amount of benefit that single people can get to £350 per week and for others to £500 per week. Certain people are exempt, for example those in receipt of Attendance Allowance and some benefits are not included in the limits.

4.2 53 households are affected with losses ranging from £2.30 per week to £207.19 per week.

5.0 Local Support for Council Tax

5.1 Council Tax Benefit was replaced by local schemes of support from April 2013. This change was accompanied by a 10% cut in funding which, for Eastbourne, amounted to c£1m.

5.2 The Council in collaboration with the County, Police, Fire, other Districts and Borough implemented a scheme which had as its aims to protect the most vulnerable, incentivise people back into work and to meet the funding gap.

5.3 After taking advantage of a transitional grant and flexibilities offered around certain Council Tax discounts and exemption, the scheme that the Council adopted affected only 470 people, who were already paying some Council Tax, with an average loss of only £4.60 per week. Many councils put in place schemes that required everyone to pay something, normally around 15% to 20% of their liability.

5.4 The Council has decided to retain this scheme for 2014/15.

6.0 Local Welfare Support

6.1 From April 2013 local authorities assumed responsibility for some elements of what was the Social Fund. East Sussex County Council now has responsibility for administering the Crisis Loans and Community Care Grants elements. This is now known as Local Welfare Support and the County's scheme has been named the Discretionary East Sussex Support Scheme.

6.2 As at the end of September, County has made the following awards to Eastbourne residents:

- 112 awards for food and utilities (30% of awards countywide)
- 276 awards for other item (26% of awards countywide)

6.3 In addition, the Council has been given £70,000 to help with rent in advance and rent deposits and has been given authority to make awards for other items, within a budget of £10,000, without having to get permission from County.

6.4 Eastbourne Foodbank was awarded £5,000 towards the costs of an advocate to assist people with long-term problems and to speak to organisations on their behalf.

7.0 Personal Independence Payments (PIP)

7.1 PIPs are replacing Disability Living Allowance (DLA) for people of working age; the change is being implemented between October 2013 and October 2018 and the government estimate that this will reduce the overall cost of this benefit by 20%.

7.2 In February 2013, which is the latest date for available figures, there were 5,410 people in receipt of DLA in Eastbourne. This is up by 190 from February 2012. We estimate that over 1,000 people will lose entitlement by the time the roll-out is complete.

7.3 A possible consequence of someone losing entitlement is that, if they are in receipt of housing benefit or council tax support, they will also see a reduction in help with housing costs and council tax.

8.0 The Council's response

The Council has adopted a strategic approach to the challenges presented through the reform of the Welfare system. In brief, the Council has:

- Created a Benefits and Welfare Advice Officer post using funding from the Department for Work and Pensions. The main objective for the post holder is to provide direct assistance to those affected by the changes. The post holder has contacted all of those people affected.
- Been instrumental in securing funds through Supporting People to establish the East Sussex Welfare Reform Action group. This has provided training for advisors from many organisations, produced a YouTube, put in place a publicity campaign, set up a free advice Helpline. The group monitors the impact of the changes on a county-wide basis, for example rent arrears and homelessness,
- Established a working group with Eastbourne Homes and the Jobcentre Plus focusing primarily on assisting those Eastbourne Homes Residents affected by the Spare Room Subsidy and the Benefits Cap.
- Set up a process of reviewing both the impact of the changes and the effectiveness of the Council's response.
- In partnership with Lewes District Council, engaged with Future Gov on the development of a mobile phone App that can assist people with money management.

Maximised the effectiveness of the increased funding available from the Discretionary Housing Payments budget. As at the end of September, 360 awards had been made committing £125,633 of the £256,602 budget. This included £17,000 to people affected by the Benefit Cap and £44,000 to those affected by the spare room subsidy.

9.0 Consultation

9.1 Not necessary.

10.0 Resource Implications

10.1 Financial

The introduction of a local scheme of support to replace council tax benefit came with a 10% reduction in funding which amounted to c£1m.

11.0 Anti-Poverty

11.1 The changes to Welfare will put more stress on some of the most vulnerable members of society. The measures the Council and partners have put in place will go some way to mitigate the effects.

12.0 Conclusion

12.1 Welfare Reform continues to present many challenges to some of the most vulnerable members of society as well as those organisations who support them.

12.2 It is important that the Council continues to closely monitor the impacts of reform and to provide help and advice where it is most needed.

12.3 It is recommended that Cabinet endorses the measures taken to support residents affected by Welfare Reform.

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Background Papers:

The Background Papers used in compiling this report were as follows:

None