



Welfare Reform Sub Committee – 8 August 2013

Impact of Welfare Reform changes

Purpose of report:

To inform Members of the changes to the benefits scheme implemented from the 1 April 2013 and the impacts as a result of these changes.

Attachment(s) None

1.0 Background

1.1 Changes contained within the Welfare Reform Act 2012 meant that East Northamptonshire Council and its residents would be affected by the reforms. The reforms and their impacts so far are detailed below.

2.0 Benefit Cap

2.1 The Benefit Cap was implemented from April 2013 in four local authorities in London – Bromley, Croydon, Enfield and Haringey. These were chosen as London has the highest percentage of potential Benefit Cap claimants and a diverse cross section of residents. This is a phased roll-out with the remaining local authorities implementing the cap from the 15 July 2013, with all appropriate households capped by the end September 2013.

2.2 The introduction of the cap means that workless households should no longer receive more in benefits than the average earnings of working households. The cap will apply to the combined income from the main out-of-work benefits, plus child benefit and child tax credits.

2.3 In May 2013 the Department for Work & Pensions (DWP) sent correspondence to those families affected, and the relevant local authority.

2.4 At present there are 19 families within East Northamptonshire that will be affected by the cap, the amount of the cap is different for each family and the loss of benefit ranges from £2.74 to £171.54 per week.

2.5 Since the start of the phased roll out on the 15 July 2013 ENC has 'capped' two families and as a result one family has lost £75.77 per week housing benefit and the other £78.54 per week. One of these families has contacted ENC to query the reduction in housing benefit and an explanation was given, in turn they contacted their landlords to make arrangements to start paying rent.

2.6 The table below details the number of potential 'capped' cases across the county:

District / Borough	Number of 'capped' cases
Corby	13
Daventry	11
East Northants	19
Kettering	30
Northampton	123
South Northants	3
Wellingborough	15

3.0 Local Welfare Provision (formally the Social Fund)

3.1 From the 1 April 2013 Community Care Grants and Crisis Loans for general living expenses were abolished and replaced by a new local provision administered by Northamptonshire County Council (NCC).

3.2 NCC has developed a scheme for Emergency Help and Sustaining Independent Living. The agreed principles for the scheme are:

- Wherever possible align the new provision with current services and avoid duplication.
- Ensure effective communications between organisations involved in the provision of the scheme.
- Include partnership/coordinated working to address the needs of frequent users.
- Include signposting to other forms of support.
- No loans, grants or cash payments.
- Wherever possible applications for support are accompanied with advice/signposting to prevent reoccurrence of this need e.g. budget planning and management or help to improve their financial capability.

3.3 **Emergency Help and Support** – there is a range of advice and support available to customers with regards to;

- Employment
- Energy, heating and light
- Foodbanks
- Furniture
- Homelessness and housing
- Local travel
- Money and debt

3.4 **Sustaining Independent Living (SIL)** – The SIL scheme is to help people when they have been unable to get help from any other sources. Requests must be supported by an agency, this could be a District or Borough Council, housing association, children’s centre, social care or health organisation.

3.5 Support from the scheme is aimed at providing;

- Help for people leaving institutional or residential care.
- Help for people being settled in a home after an unsettled way of life as a part of planned resettlement.
- Help for people to stay in the community and prevent a move into residential, institutional care or hospital.
- Help to ease families under exceptional pressure.

As this is a discretionary scheme decisions about the requests for support will be based on the application, description of the need and the budgetary position in relation to the SIL scheme.

3.6 The table below details the number of SIL applications across the County.

District/Borough	Total number of SIL applications for white goods/furniture	Number of approved applications	Number of declined applications
Corby	19	15	4
Daventry	9	7	2
East Northants	3	3	0
Kettering	8	7	1
Northampton	98	82	16
South Northants	3	2	1
Wellingborough	20	15	5

4.0 Housing Benefit size criteria restrictions for claimants in the social rented sector

- 4.1 From 1 April 2013 changes were made to the way Housing Benefit is calculated for customers of working age (pensioners are exempt) living in accommodation rented to them by a local authority, registered housing association or other registered provider of social housing.
- 4.2 This means that there are restrictions to the size of the property Housing Benefit will pay for, based on who lives in the property. If someone is assessed as having more bedrooms in their accommodation that is necessary according to the new rules, they will be considered to be under occupying that property and a percentage reduction will apply to their eligible rent and service charged.
- 4.3 Those that are considered to be under occupying their accommodation will see a reduction in their Housing Benefit calculated by a reduction of:
- 14% of the total eligible rent for under occupation by one bedroom; and
 - 25% of the total eligible rent for under occupation by two bedrooms or more.
- 4.4 During November 2012 a letter and factsheet was provided to every customer who would be affected by these changes (609 customers), the factsheets gave advice on the options available to customers for example moving to smaller accommodation or taking in a lodger.
- 4.5 These letters generated a high volume of telephone calls, the main queries were customers wanting an explanation of what should be classed as a bedroom and customers advising of change to their household composition e.g. new children.
- 4.6 Landlords were also provided with details of their tenants who would be affected, this enable them to work with their tenants regarding the options available to them.
- 4.7 On the 1 April 2013 the number of customers under occupying had reduced to 585, at the end of the first quarter this had reduced further to 531.
- 4.8 There has been a noticeable increase in customers either moving into smaller properties or moving in with relatives.
- 4.9 The Housing Forum Group meet every quarter and they are due to meet on the 24 July 2013. A standing item of their agenda is Welfare Reform therefore a verbal update will be given to the WRSC following the information fed back from this meeting.

5.0 Discretionary Housing Payments (DHP)

- 5.1 Since 2001, Discretionary Housing Payments (DHP) have given local authorities the discretion to develop their own policy to determine to whom they will award further financial assistance with housing costs.
- 5.2 The policy and procedure relating to this scheme were last approved by the Policy and Resource Committee on the 11 March 2013.
- 5.3 The Department for Work and Pensions (DWP) provides an annual grant to each local authority to pay DHP. Any element of the grant not spent must be returned in full to the DWP. A local authority may spend more than its DWP grant up to an upper limit 2.5 times the DWP grant. Any amounts paid over the DWP grant fall upon the Councils general fund to finance.
- 5.4 In 2012/13 the DHP allocation to East Northamptonshire Council was £30,317, for 2013/14 this increased to £85,490.
- 5.5 The purpose of the additional funding is to provide LAs with more flexibility to help a greater number of new and existing customers who face a shortfall in rent because of changes to Local Housing Allowance, Social Sector Size Criteria and the Benefit Cap that will all come into effect from 1 April 2013.
- 5.6 There has been a significant increase in the number of customers applying for DHP (67 applications received and 56 successful awards), with the majority applying because of the reduction in Housing Benefit following the implementation of the new social sector size criteria rules. A breakdown of the reasons for the awards are as follows:
- 10 awards made for disabled adapted properties
 - 27 awards made due to health related issues
 - 4 awards made due to Local Housing Allowance reforms (age related)
 - 15 awards made for various different reasons.
- 5.7 The table below details the DHP spend across the County

District / Borough	DWP Grant	DHP expenditure*	% expenditure of grant
Corby	£92,250	£38,000	41%
Daventry	£74,259	£40,000	54%
East Northants	£85,490	£35,800	42%
Kettering	£136,864	£30,000	22%
Northampton	£420,634	£110,000	26%
South Northants	£58,950	£22,000	37%
Wellingborough	£121,436	£26,000	21%

*At the time of collating these figures ENC did not have any outstanding decisions to be made on DHP applications; however some authorities had up to 30 applications where decisions were still pending.

6.0 Personal Independence Payments (PIP)

- 6.1 Disability Living Allowance (DLA) has been fully replaced by PIP for people aged 16 to 64 from 10 June 2013 for new claims only.
- 6.2 The new benefit will better reflect today's understanding of disability. PIP is based on how a person's condition affects them, not the condition they have. It aims to ensure that financial support is targeted at those who face the greatest challenges to living independently.

6.3 Timetable for PIP replacing DLA

- April 2013 – New claims to PIP started for people living in parts of the North of England.
- June 2013 – New claims to PIP started for the remaining parts of Great Britain. There are no new claims to DLA for people aged 16 -64.
- October 2013 – Reassessment to PIP starts for fixed period DLA awards coming up for renewal, young people turning 16 or where claimants report a change in their health condition or disability.
- October 2015 – DWP begins selecting the remaining DLA claimants and telling them what they need to do to claim PIP.

6.4 At present ENC does not have any Housing Benefit (HB) or Council Tax Support (CTS) claimants that have been affected by the changes to DLA therefore there has been no impact on the customers or our Benefit Service. This is likely to change from October 2013 when the reassessment to PIP starts for existing DLA customers, ENC has 1316 HB and CTS claimants that are also in receipt of DLA.

7.0 Homelessness

7.1 Homelessness applications have increase in the first quarter of the year.

7.2 There have been various reasons given on the applications for example, recession (redundancy), economic climate, relationship breakdown and landlords selling properties that they previously rented out. None have been as a direct result of the welfare reform changes.

8.0 Caseload

8.1 The number of Housing Benefit and Council Tax Support customers as at the 1 April 2013 was 5609, this has now reduced by 86 customers to 5523.

9.0 Equality and Diversity Implications

9.1 There are no equality and diversity implications.

10.0 Legal Implications

10.1 There are no legal implications.

11.0 Financial Implications

11.1 There are no financial implications at this stage.

12.0 Recommendation

12.1 It is recommended that this report be received and noted.

Legal	Power: Welfare Reform Act 2012				
	Other considerations:				
Background Papers:					
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Date: 22 July 2013					
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