



Welfare Reform Sub-Committee 12 October 2015

Impact of Welfare Reform changes

Purpose of report: To provide Members with an update on the impacts associated with the changes made to the benefits scheme from April 2013.

Attachment(s)

None

1.0 Background

1.1 Changes announced in the July 2015 budget, which build on those contained within the Welfare Reform Act 2012, mean that East Northamptonshire Council and its residents on low incomes will continue to be affected by government reforms. The reforms and their impacts so far are detailed below.

2.0 Benefit Cap

2.1 The national phased roll-out of the Benefit Cap started on 15 July 2013. The introduction of the cap meant that workless households would no longer receive more in benefits than the average earnings of working households. The cap applies to the combined income from the main out-of-work benefits, plus child benefit and child tax credits.

2.2 During 2013/14 there were 19 families in East Northamptonshire affected by the cap; the amount of the cap was different for each family and the loss of benefit ranged from £1.14 to £161.04 per week. At the end of 2014/15 there were 12 'capped' cases and currently there are 14 'capped' cases.

2.3 None of the families affected has applied for Discretionary Housing Payments to help with the rent payments they now have to pay following the reduction in housing benefit.

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

District/Borough	Number of cases 2013/14	Number of cases 2014/15	Difference (number of cases)
Corby	8	23	+15
Daventry	21	TBC	TBC
East Northants	19	12	-7
Kettering	23	12	-11
Northampton	93	66	-27
South Northants	3	3	0
Wellingborough	30	42	+12

2.5 It was announced in the budget that the Benefit Cap will reduce from £26,000 to £20,000 per annum; this means there will be an increase in the number of cases affected.

2.6 At present there is no information available regarding the date the new cap level will be introduced or the number of ENC cases affected.

2.7 New burdens funding for the implementation is currently being discussed.

3.0 Removal of spare room subsidy

- 3.1 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.
- 3.2 This means that there are restrictions on 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 than is necessary, they will be considered to be under-occupying that property and a percentage reduction will apply to their eligible rent and service charges.
- 3.3 Those that are considered to be under-occupying their accommodation will see the following reduction in their Housing Benefit:
- 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.
- 3.4 On 1 April 2013 there were 585 customers under-occupying: this has now reduced to 442.
- 3.5 There are various reasons for the reduction in customers under-occupying their home, such as moving to smaller properties, moving in with relatives, or starting work and coming off benefit.
- 3.6 The table below details the number of under-occupancy cases across the county:

District/Borough	Number of cases 2013/14	Number of cases 2014/15 (as @ 01.04.15)	% change
Corby	972	721	-26%
Daventry	481	TBC	TBC
East Northants	585	439	-25%
Kettering	658	518	-21%
Northampton	1064	1008	-5%
South Northants	323	289	-10.5%
Wellingborough	921	1005	+9%

4.0 Discretionary Housing Payments (DHP)

- 4.1 Since 2001, Discretionary Housing Payments (DHP) have been available; local authorities have the discretion to develop their own policies to determine to whom they will award further financial assistance with housing costs.
- 4.2 The policy and procedure relating to this scheme were last approved by the Policy and Resources Committee on 11 March 2013.
- 4.3 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, to an upper limit 2.5 times the DWP grant. Any amounts paid over the DWP grant fall upon the Council's general fund to finance.
- 4.4 In 2012/13 the DHP allocation to East Northamptonshire Council was £30,317; for 2013/14 this increased to £85,490 and for 2014/15 it increased again to £99,565. The allocation for 2015/16 is £91,995.
- 4.5 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, Removal of Spare Room Subsidy and the Benefit Cap that all came into effect from 1 April 2013.

- 4.6 There has been a significant increase in the number of customers applying for DHP compared to the 33 applications made in 2012/13.

Year	Number of applications	Successful	Unsuccessful
2013/14	178	134	44
2014/15	173	130	43
2015/16 @ 01/09/15	66	52	14

- 4.7 As anticipated, the majority of the applications received were from customers affected by the Removal of Spare Room Subsidy regulations that came into affect from 1 April 2013.

- 4.8 The table below details the DHP spend across the County for **2013/14**

District / Borough	DWP Grant	DHP expenditure	% expenditure of grant
Corby	£92,250	£88,912	96%
Daventry	£74,259	£68,055	92%
East Northants	£85,490	£57,884	68%
Kettering	£136,864	£110,000	80%
Northampton	£420,634	£383,261	91%
South Northants	£71,950	£64,827	90%
Wellingborough	£121,436	£115,685	95%

- 4.9 The table below details the DHP spent/committed across the County for **2014/15**

District / Borough	DWP Grant	DHP expenditure	% expenditure of grant
Corby	£134,854	£76,114	56%
Daventry	£83,421	TBC	TBC
East Northants	£99,565	£65,928	66%
Kettering	£138,353	£130,349	94%
Northampton	£416,591	£416,034	99.9%
South Northants	£63,178	£60,143	95%
Wellingborough	£131,716	£132,098	100%

- 4.10 In 2014/15 ENC spent 66% of the allocated grant. The Council, social landlords and the voluntary sector are continually working with customers with regards to money, debt and housing advice. This has been an important factor in making customers less reliant on DHP.

- 4.11 So far in 2015/16 £56,000 (61%) of the grant has been spent or committed; this is £13,000 (30%) up from the same point last year.

5.0 Personal Independence Payments (PIP)

- 5.1 Disability Living Allowance (DLA) has been fully replaced by PIP for people aged 16 to 64 from 10 June 2013 for new claims only.

- 5.2 PIP better reflects today's understanding of disability and 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.

5.3 Timeline for PIP replacing DLA

- April 2013 – New claims for PIP started for people living in parts of the North of England.
- June 2013 – New claims for PIP started for the remaining parts of Great Britain. There are no longer new claims to DLA for people aged 16-64 in Great Britain.
- October 2013 – Reassessment to PIP started 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.

5.4 At present, ENC has 349 customers who are in receipt of PIP. A further 1,126 customers are currently in receipt of DLA and will therefore be reassessed for PIP in line with the above timeline.

5.5 The number of customers affected so far is relatively small therefore there has been minimal impact on customers and our Benefits Service. This is likely to change from October 2015 when the majority of our customers will be reassessed. Housing Benefit and Council Tax Support expenditure will not increase as a result of the reassessments.

6.0 Homelessness

6.1 The number of homelessness applications has not increased as a result of the welfare reform changes, as detailed below:

	2012/13	2013/14	2014/15	2015/16 (1 st quarter)
Number of applications	172	135	114	29

6.2 However, there has been an increase in the number of customers asking for housing advice and registering on the housing list with a view to seeking alternative accommodation.

7.0 Caseload

7.1 Local Authorities across the county have also seen a reduction in Housing Benefit/Council Tax Support caseload as detailed below:

District/Borough	Caseload @ 1 April 2013	Caseload @ 1 April 2015	% reduction
Corby	6300	6051	4%
Daventry	4682	TBA	TBA
East Northants	6218	5685	9%
Kettering	8465	7857	7%
Northampton	21649	20200	7%
South Northants	3910	3900	0%
Wellingborough	7332	6653	9%

7.2 Although there has been a reduction in caseload there has not been a similar reduction in new claims and changes in circumstances received.

8.0 Universal Credit

- 8.1 Universal Credit is available to people who are on a low income or are out of work. It aims to make the welfare system simpler by replacing six benefits and tax credits with a single monthly payment. It includes support for the costs of housing, children and childcare, as well as support for disabled people and carers.
- 8.2 Universal Credit is replacing:
- Income-based Jobseeker's Allowance
 - Income-related Employments and Support Allowance
 - Income Support
 - Working Tax Credit
 - Child Tax Credit
 - Housing Benefit
- 8.3 Universal Credit will 'roll out' in East Northamptonshire on 5 October 2015; this will be for new single Job Seekers Allowance claimants only. Officers estimate that couples and families are likely to 'roll out' in April 2016. The Government has confirmed that UC should be fully implemented by 2020.
- 8.4 ENC will be required to provide the following services as detailed in the Delivery Partnership with the Department for Work and Pensions:
- Support to Universal Credit service centre staff around housing cost issues that may arise
 - Support for customers to make a Universal Credit claim on-line
 - Manual processing of Council Tax Support claims
 - Support for claimants who require personal budgeting support to manage their Universal Credit payments
 - Management information – monthly statistics of the number of customers helped.
- 8.5 Our Customer Service Advisors will be able to help customers make a claim online, and we will also be providing details of free internet access points across the district for those who cannot get to one of our offices. Community Law Service will also be helping those claimants who require personal budgeting support.
- 8.6 The DWP expects that most Universal Credit claimants will receive the single monthly payment, taking responsibility for paying their own household bills including their rent on time. However, they recognise that some claimants will need extra support and so alternative payment arrangements including a managed payment of the UC housing element to the landlord can be considered in some cases to help protect tenancies.
- 8.7 Managed payments will be considered on a case-by-case basis and can be requested by landlords as well as claimants. They can be considered on request from the start of the claim or during the claim if the claimant has accumulated rent arrears which will put their tenancy at risk.
- 8.8 The DWP expects landlords to continue to follow their usual rent collection practices and procedures, making every effort to manage rent payments and recovery of any rent arrears. However, if the claimant is unable or unwilling to resolve payment issues with their landlord UC can then intervene.
- 8.9 The recovery of outstanding Housing Benefit overpayments will also become more difficult when customers migrate over to Universal Credit, this is because there will no longer be Housing Benefit in payment for us to make a direct deduction from.
- 8.10 The number of UC customers will be relatively small to start with. A UC project team is in place to ensure a smooth transition for our residents.

9.0 Single Fraud Investigation Service (SFIS)

9.1 Since 2010 the government has been committed to the creation of a single, integrated fraud investigation service which will investigate welfare benefit fraud across the DWP, HMRC and local authorities.

9.2 On 1 December 2014 two of our fraud officers transferred to the DWP.

9.3 The following work remained with the local authority:

- The investigation of Local Council Tax Support Scheme fraud
- The amendment of Housing Benefit claims (subject to fraud)
- The calculation and recovery of any Housing Benefit overpayments
- The compilation of information and evidence, requested by DWP from LAs to support an investigation
- Fraud hotlines/call handling to take reports of fraud /suspected fraud

9.4 A member of the fraud team was retained to undertake the residual work outlined above.

9.5 The compilation of information and evidence requested by the DWP from us to support an investigation has been far more labour intensive than originally anticipated. We are actively working with and providing feedback to the DWP to try and improve workflow and streamline processes. This in turn should allow us to focus more time on the recovery of Housing Benefit overpayments, which generates income for the Council.

10.0 Future changes announced in the July budget

10.1 There were a number of changes announced in the budget as follows:

- Benefit Cap reducing from £26K to £20K
- Freezing of working age benefits for four years
- Changes to Working Tax Credits earning disregards and tapers
- Changes to the Family premium in housing benefit
- Backdating of Housing Benefit claims to be limited to four weeks (currently six months)
- Minimum/Living wage increase
- Free child care for 3-4 year olds increasing from 15 to 30 hours per week

10.2 The likely impacts for ENC have been assessed and will be taken into account when reviewing the Council Tax Support Scheme for 2016/17. (See separate report on this agenda)

11.0 Equality and Diversity Implications

11.1 There are no equality and diversity implications.

12.0 Legal Implications

12.1 There are no legal implications.

13.0 Risk Management

13.1 Although there are no specific risks arising from this information-only report, the ongoing changes do create greater uncertainty for the council's budgeting process as it is often difficult to predict the impact on local residents and hence the changes in demand for benefits and other council services. Further changes may also be announced as part of the Spending Review in November this year.

14.0 Resource and Financial Implications

14.1 The DWP has yet to confirm how the welfare reform changes announced in the budget will affect our Housing Benefit administration grant. Funding implications will be dealt with as a part of the 2016/17 budget setting.

15.0 Constitutional Implications

15.1 There are no constitutional implications.

16.0 Corporate Outcomes

16.1 The Corporate Outcomes are:

- Effective Management – monitoring of the welfare reform changes enables management to plan for future resources requirements.
- Knowledge of our Customers and Communities – monitoring of the welfare reform changes gives an overview of the impacts on our customers. This informs the process of making decisions for the future.

17.0 Recommendations

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

Legal	Power: Welfare Reform Act 2012				
	Other considerations:				
Background Papers:					
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