

Southend-on-Sea Borough Council

Agenda
Item No.

Report of Corporate Director Support Services

to
Cabinet

on
6th November 2012

Report prepared by: Veronica Dewsbury Benefits Manager

Welfare Reform

Economic and Environmental Scrutiny Committee
Executive Councillor: Councillor Andrew Moring

A Part 1 Public Agenda Item

1. Purpose of Report

To provide a general update on welfare reforms coming into effect from April 2013 and specifically the decisions required around the arrangement for the creation of a Social Fund due to the transfer of responsibilities and funding from the Department of Works and Pensions (DWP).

2. Recommendations

To agree that the final allocation of the funds received from Government for crisis loans and community funds will form part of the budget setting process for 2013/14;

To consider and agree the use of the funding for the transferred responsibilities of the Social Fund from the DWP and the proposed draft scheme attached at Appendix A;

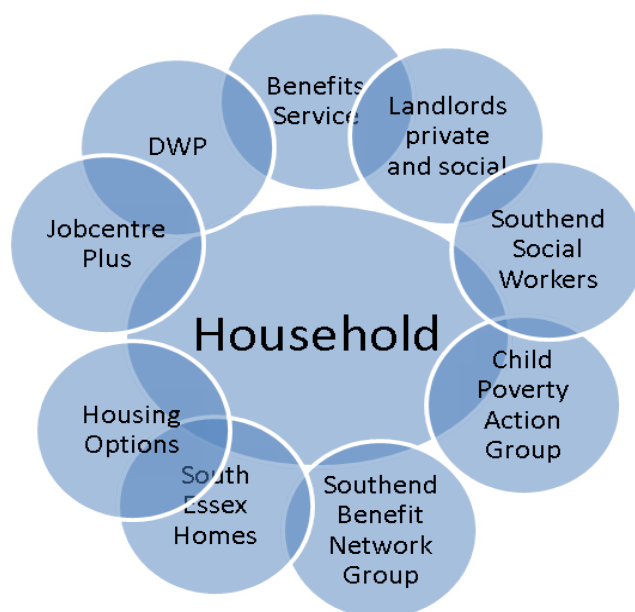
To note the details of a range of welfare reforms from April 2013.

3. Background

Welfare Reform Changes

- 3.1 The Welfare Reform Act 2012 has introduced a raft of reductions to welfare benefits across all benefit types for working age claimants. Reductions in Housing Benefit rates and Tax Credits have been introduced already and this report details the additional changes which are to come into effect from April 2013.

In order to support vulnerable residents through this transitional period we are working closely with a range of stakeholders as illustrated:



4. Local Council Tax Support Scheme (LCTSS)

- 4.1 In the autumn of last year the Government consulted on proposals for localisation of support for council tax. This followed the Spending Review announcement in 2010 for localisation of a scheme which would include a national 10% reduction in overall expenditure.
- 4.2 The Department of Communities and Local Government will issue a policy for pension age people but the Local Authority has a duty to develop a local scheme for working age claimants to be approved by full Council before 31 January 2013.
- 4.3 Southend has been working with the other Essex Authorities to develop a pan Essex Scheme with local variations. A separate report elsewhere on this agenda has been produced to provide the contents of this new scheme with details on the level of savings required, impact on the council tax base and recommendations of how to achieve the savings.

5. Size Criteria in the Social Sector

- 5.1 When setting the maximum rent for Housing Benefit purposes there will be a size criteria applied. It is similar to the Local Housing Allowance (LHA) size criteria for private tenants.

It is:

- 1 bedroom for each adult or adult couple;
- 1 bedroom for every 2 children under the age of 10 (regardless of gender);
- 1 bedroom for every 2 children under the age of 16 if they are the same gender;
- 1 bedroom for any other child;
- 1 bedroom for a non resident carer if providing care for the tenant or their partner.

- 5.2 Housing Benefit will be restricted where a person has more bedrooms than they are allowed under the criteria. It will be a fixed percentage of the Housing Benefit eligible rent. 14% for one extra bedroom, and 25% for two or more extra bedrooms.
- 5.3 We have identified 565 South Essex Homes properties that will be affected by this initiative and are working with them to assist tenants. There are an additional 375 residents with various Housing associations who will also be affected and we are also working with their Landlords to support them.

6. Cap on Total Household Benefits

- 6.1 A cap for combined benefits will be introduced from April 2013. It is for working age people, not pensioners, and also excludes claimants who receive Disability Living allowance, Attendance Allowance, Constant Attendance Allowance, the Support Component of Employment and Support Allowance, Working Tax Credits and War Widows/Widowers Pension. Claimants who have been in employment for 52 weeks or more when they claim benefit after April 2013 will also be exempt from the cap for up to 39 weeks.
- 6.2 It is set at the median earnings level after tax – currently £26,000 per year (the equivalent of £35,000 worth of taxed income). This translates to a £500 per week maximum for couples and lone parents and a £350 per week maximum for single people.
- 6.3 Letters have been issued to people in the Borough affected by this cap. They have been will be given a contact number they can call for advice and support on how to cope with the cap. They have been told about the support that is available to them including direct referrals into the Work Programme scheme for support into employment.
- 6.4 It is expected to affect around 67,000 households across the country. The Department for Work and Pensions has sent the Authority a report showing that currently **296 households** in Southend will be affected as follows;

£	Number	Social	Private
0-49	155	47	108
50-100	64	14	50
100-200	48	9	39
200-300	23	2	21
300-400	6	0	6
400-500	0	0	0
TOTAL	296	72	224

As illustrated households in the social sector will be affected by the cap and 22 of these are South Essex Homes properties.

- 6.5 The cap will be applied by the Local Authority via a deduction from the Housing Benefit for the identified excess until Universal Credit is applied and then it will be from their Universal Credit award.

7. Social Fund Administration

- 7.1 Elements of the Social Fund currently administered by the DWP will pass to the Local Authority from April 2013. The funding is not ring fenced and therefore can be used for other purposes; however the Government does expect Authorities to deliver an appropriate service.

- 7.2 There is no expectation or desire from central government that the new service will mirror the current social fund scheme. Local Authorities are encouraged to think radically and creatively about the design of their new service.

7.3 Community Care Grants

	Local Authority Level		National Level (England)	
	2005/6	2009/10	2005/6	2009/10
Applications	1630	1980	431,330	499,660
Total Spend	£319,600	£346,000	£106,106,800	£108,086,400
Number of Awards	810	900	242,620	233,530
Average Award	£393	£383	£437	£463

This is comparing the national figures for England to Southend on Seas local figures.

- 7.4 On a national level there has been a 16% increase in applications and a 6% increase in awards but on a local level there has been a 21% increase in applications and an 11% increase in awards.

7.5 Crisis Loans General Living Expenses

	Local Authority Level		National Level (England)	
	2005/6	2009/10	2005/6	2009/10
Applications	1610	6050	316,050	1,286,040
Total Spend	£83,800	£282,000	£14,120,300	£52,781,200
Number of Awards	1380	4930	243,820	955,460
Average Award	£61	£57	£58	£55

Again this is comparing the national figures for England to Southend on Seas local figures.

- 7.6 The indicative allocations from Central Government for the funding of this transferred scheme to Local Government is as follows;

2012 – 2013	£
Set up Funding	5,045
2013 – 2014	
Social Fund	504,548
Administration Grant	106,615
2014 – 2015	
Social Fund	504,548
Administration Grant	97,724

7.7 We have developed a robust policy working with internal and external partners across the Borough. This new scheme is entitled the “Essential Living Fund Grant” and a copy of the draft policy is attached at Appendix A.

8. Other General Changes

- Reductions in Tax Credit awards
- Disability living allowance to be replaced with personal independence payments for working age people.
- Universal Credit goes live from October 2013
- When claimants move to Universal Credit all housing cost payments will go direct to the tenant including social housing tenants.

9. Corporate Implications

9.1 Contribution to Council’s Vision & Corporate Priorities

9.2 Financial Implications

The Government has announced on indicative allocation for the responsibilities associated with the former DWP administered Social Fund Scheme. This funding will be included within the forthcoming budget process.

9.3 Legal Implications

Our policy could be subject to legal challenge if seen to be discriminatory. We have completed impact assessments.

9.4 People Implications

Residents may be affected by a range of the reforms and we have appointed an Officer on a fixed term contract to assist people to manage their finances and advise on the options they to increase their income or reduce their outgoings.

9.5 Property Implications

There are no specific property implications

9.6 Consultation

We have consulted informally with our range of delivery partners.

9.7 Equalities and Diversity Implications

Full Equality impact assessments are being drafted for all proposed changes.

9.8 Risk Assessment

Risk	Mitigation	Owner
Scheme not in place for April 2013	Work has been ongoing for 6 months and the policy is written	V Dewsbury
Resource issues to administer scheme	Analysis is underway to predict resource requirements and to put in place before April	V Dewsbury
Spend on scheme goes above funding	Spend will be closely monitored to ensure it remains within funding limits	V Dewsbury

10. Value for Money

The new scheme will be in the main a non cash scheme, using food vouchers and recycled furniture and white goods. This will reduce attempted abuse of the scheme

11. Community Safety Implications

All recycled goods used will have the required safety certification

12. Environmental Impact

There are no specific environmental impacts

13. Background Papers

None

14. Appendices

Appendix A – Essential Living Fund Grant - Draft Scheme