

# Welfare Benefit Reform

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# Policy intention

The Governments policy agenda is to:

- **Reduce the welfare bill** – currently around £250 billion pounds a year, the estimated savings between 2011 and 2014 is £18 billion pounds
- **Improve work incentives by making work pay** – this is primarily around the introduction of Universal Credit. People will keep more of their wage and still receive benefit than they can under the current system
- **Reduce welfare dependency** – this is also achieved by the tighter controls on the level of benefit you can get, so working will appear to be the more attractive option
- **Reduce complexity** – the current system involves applying to several different agencies, whereas the new system will mean applying once for all of these payments. It will also use one set of laws, instead of all the different versions we currently employ.

# Benefit Cap

- The Benefit Cap will impose an absolute ceiling on the totality of benefits payable
- The cap levels are
  - £500 a week for couples and single parents
  - £350 a week for single people
- It will be applied 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
- Excludes Council Tax Support

# Benefit Cap

- On the current list 273 households in Southend will be affected by the cap
- In the main they are large families in receipt of tax credits
- Approximately 40% are known to the Authority through Social Services

# Benefit Cap

Numbers affected in Southend

Income above cap £PW	Number affected	Social Housing	Private Housing
400 – 500	4	0	4
300 – 400	6	1	5
200 – 300	20	0	20
100 – 200	41	7	34
50 – 100	84	14	70
0 - 49	118	26	92

# Size Criteria

- Housing Benefit will be restricted where a person has more bedrooms than they are allowed under this criteria. It will be a fixed percentage of the Housing Benefit eligible rent

## Size Criteria are:

- 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

## Applicable Deductions

- 14% for one extra bedroom and 25% for two or more extra bedrooms.

# Size Criteria

- Examples

Household	Actual rooms	Allowed rooms	% deduction	Amount (PW)
Couple 1 child	3	2	14%	£14.02
Single parent 1 child	3	2	14%	£12.55
Single parent 1 child	4	2	25%	£25.10
Couple 2 children under 10	4	2	25%	£25.64



# Social Fund

## Crisis Loans

An interest free loan available to anyone who cannot meet their short term needs in an emergency. There are currently 3 areas

- General living expenses
- Items following a disaster
- Meeting an urgent need pending an initial payment of benefit or a wage

The largest group using these currently are those on job seekers allowance

## Community Care Grants

- These are non repayable grants primarily intended to support vulnerable people to return to or remain in their home or to ease exceptional pressure on families

# Social Fund

- The Department for Work and Pensions are passing the administration of crisis loans and community grants to Local Authorities from April 2013
- The funding is not ring fenced and our allocation will be based on actual spend in Southend for 12/13
- There will be no specific guidance on the award criteria and each Local Authority will design a local scheme to meet local needs
- Local Authorities already run a number of discretionary funds such as Housing payments and section 17 payments for children
- The funds cannot be merged but there should be a link so that any applications can be met out of the most appropriate fund

# Social Fund

## Crisis Loans

Detail	2005/6	2009/10
Applications	1,610	6,050
Total spend	£83,800	£282,000
Number of awards	1,380	4,930
Average award	£61	£57

(latest information available from the DWP)

# Social Fund

## Community Care Grants

Detail	2005/6	2009/10
Applications	1,630	1,980
Total Spend	£319,600	£346,000
Number of awards	810	900
Average award	£393	£383

(latest information available from the DWP)

# Social Fund

- A new team has been formed to administer the new scheme
- We have called it the Essential Living Fund
- It is a non cash system using food banks, food vouchers and recycled furniture provided by the charitable sector.

# Council Tax Support

- Council Tax Benefit has been abolished with effect from 1 April 2013.
- It has been replaced with a Local Council Tax Support Scheme.
- The new scheme is legislated for within S13a (2) and Schedule 1a of the Local Government Finance Act 1992.
- The current national funding for Council Tax Benefit will be reduced by 10% and the remainder distributed to Local Authorities.
- Council Tax Benefit was fully funded through benefit subsidy.
- The new support scheme will be an upfront grant with no adjustments for increase demand.
- The shortfall due to the decreased funding has been passed onto claimants.
- Everyone, except pensioners, will have to contribute at least 25% towards their Council Tax liability.

- Questions