

 Overview and Scrutiny Committee. 6th February 2018		Agenda Item No. 6
Title	Welfare Reforms	
For further information about this report please contact	Andrea Wyatt ext 6831	
Wards of the District directly affected	None	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	Finance and Audit 7 th February 2017	
Background Papers	N/A	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No
Equality Impact Assessment Undertaken	No
This is an information only report.	

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	24/01/2018	Andrew Jones
Head of Service	23/01/2018	Mike Snow
CMT	24/01/2018	Andrew Jones
Section 151 Officer	23/01/2018	Mike Snow
Monitoring Officer	24/01/2018	Andrew Jones
Finance	23/01/2018	Mike Snow
Portfolio Holder(s)	24/01/2018	Clr Peter Whiting
Consultation & Community Engagement		
Insert details of any consultation undertaken or proposed to be undertaken with regard to this report.		
Final Decision?		N/A
Suggested next steps (if not final decision please set out below)		

1. **Summary**

1.1 This report has been prepared to provide Finance and Audit Scrutiny Committee an update on welfare reforms.

1.2

2. **Recommendation**

2.1 That the content of this report is noted.

3. **Reasons for the Recommendation**

3.1 This is a briefing only report and therefore there are no recommendations.

4. **Policy Framework**

4.1 **Fit for the Future (FFF)**

These are the words to use:

“The Council’s FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects. Whilst the housing benefit scheme contributes to delivering the Vision for the District, it is a national scheme and therefore any changes to the scheme are outside the control of the authority. The Council will seek to mitigate the effects of these changes through the use of discretionary powers, job clubs, budgeting support and referral to specialist agencies as necessary. The local council tax reduction scheme is a national prescribed scheme for pensioners, however we are responsible for designing our own scheme for working age. The working age scheme is due to be reviewed during 2018 with a view to a new scheme from April 2019.

“The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal if any in relation to the Council’s FFF Strategy.”

FFF Strands		
People	Services	Money
External		
Health, Homes, Communities	Green, Clean, Safe	Infrastructure, Enterprise, Employment
<u>Intended outcomes:</u> Improved health for all Housing needs for all met Impressive cultural and sports activities Cohesive and active communities	<u>Intended outcomes:</u> Area has well looked after public spaces All communities have access to decent open space Improved air quality Low levels of crime and ASB	<u>Intended outcomes:</u> Dynamic and diverse local economy Vibrant town centres Improved performance/productivity of local economy Increased employment and income levels
Impacts of Proposal		

There are no changes proposed as a result of this report, the Council will continue to use its discretion to disregard war pension and war widows pension in the calculation of housing benefit and council tax reduction.	No impact	There are no changes, the Council will continue to support those on a low income across the District through the national housing benefit scheme and local council tax reduction scheme.
Internal		
Effective Staff	Maintain or Improve Services	Firm Financial Footing over the Longer Term
<u>Intended outcomes:</u> All staff are properly trained All staff have the appropriate tools All staff are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours	<u>Intended outcomes:</u> Focusing on our customers' needs Continuously improve our processes Increase the digital provision of services	<u>Intended outcomes:</u> Better return/use of our assets Full Cost accounting Continued cost management Maximise income earning opportunities Seek best value for money
Impacts of Proposal		
All staff receive training to keep them up to date with any changes to the schemes.		

4.2 Supporting Strategies

This report is for information only and therefore does not impact on any of the supporting strategies.

4.3 Changes to Existing Policies

There are no changes to existing policies.

4.3 Impact Assessments

An impact assessment is not necessary as no changes are proposed.

5. Budgetary Framework

5.1 In most cases the authority receives 100% subsidy from the Government for any Housing Benefit which is paid out, however there are a few areas such as housing benefit paid for temporary accommodation, for which reduced subsidy is received and is therefore a direct cost to the general fund.

5.2 Council Tax Reduction (previously Council Tax Benefits) is now funded entirely locally. This cost is shared proportionately by the local authorities in the areas

(County, Police, District and Parish/Town Councils) by being an element of the tax base calculation.

6. Risks

- 6.1 As income from benefit reduces, claimants may struggle to meet their financial commitments and could ultimately put their home at risk.
- 6.2 For the Council, rent arrears and council tax arrears could increase and there could be an increase in people presenting as homeless.

7. Alternative Option(s) considered

- 7.1 There are no alternative options – the decision to implement changes to the welfare system are the responsibility of the Government.

8. Background

- 8.1 The Government prescribes how much it considers a household should be able to live on depending on their circumstances, through a system of premiums and allowances in order to calculate the amount of means tested income related benefit and housing benefit a person might receive. Additional premiums are granted if someone in the family is disabled or has caring responsibilities. The total amount of these allowances and premiums are known as the “applicable amount” and form the basis of the benefit calculation, generally if a person’s income is below this total, they can claim a DWP benefit to ensure they receive an income of at least this amount. Housing benefit is calculated using the same principle, so if a claimant has an income of the calculated amount or below, they will receive maximum housing benefit, if they receive an income above this amount a 65% taper is applied to the difference between the calculated amount and their actual income to calculate entitlement. Claimants who are working can claim working tax credits and generally receive an income of above the calculated minimum amount.

8.2 Changes to applicable amounts

Prior to April 2015 the applicable amount rose annually in accordance with inflation and with the exception of disability and carer premiums, these rates have remained static. However, whilst housing benefit always reduces as income increases, prior to April 2015 the increase would have been partially offset by the increase in applicable amounts. Applicable amounts will continue to remain static until at least April 2020.

Prior to May 2016, any person who applied for housing benefit with responsibility for one or more children, could have a family premium of £17.45 included in their applicable amount. From May 2016, the family premium was abolished for all new claims, those who already had a family premium included in their applicable amount are protected whilst their housing benefit remains in continuous payment.

Up until March 2017, a child premium was included in the applicable amount for every child a claimant was responsible for, this has now been restricted to the first two children for all new claimants with more than two children or existing claimants who have additional children during the course of their claim.

The table below shows the applicable amount for a family with 3 children for each year after the changes above have been applied, this is the rate at which full rent could be paid by Housing Benefit although this is subject to any restrictions that may apply such as under occupancy and local housing rates.

Allowances and Premiums	2015	2016	2017
Couple one or both over 18	114.85	114.85	114.85
Child premium	66.90	66.90	66.90
Child premium	66.90	66.90	66.90
Child premium	66.90	66.90	
Family premium	17.45		
Total	£333.00	£315.55	£248.65

The current number of claimants where two child restriction applies including those that are also affected by under occupancy or the benefit cap are shown below.

No of children	LA	HA	Private	Under-occupied	Benefit cap
3	14	15	15	1	10
4	7	3	3	1	1
5	1	1	1	0	0
6	1	0	0	0	0

8.4 **Benefit cap**

The Benefit cap was introduced in April 2013, this was applied to housing benefit where total income from out of work benefits exceeded £350.00 for single people and £500.00 for couples or families. This reduced from November 2016 to £257.69 and £384.62 respectively. If a claimant or their partner works for at least 16 hours per week the benefit cap does not apply and similarly there are some exemptions for people with disabilities.

Amount of Housing Benefit lost due to cap by tenure types.

Amount of Benefit lost £'s	LA tenants	Registered providers	Private tenants
0.01 to 9.99	6	1	0
10.00 to 19.99	6	3	2
20.00 to 29.99	0	9	1
30.00 to 39.99	0	3	0
40.00 to 49.99	4	2	0
50.00 to 59.99	0	0	2
60.00 to 69.99	3	1	0
70.00 to 79.99	0	1	0
80.00 to 89.99	1	0	2
90.00 to 99.99	1	1	1
100 +	2	3	2
Total	23	24	10

8.5 **Private tenants**

Since 2008, all new claims from private tenants have been assessed using the local housing allowance (LHA). The LHA is the maximum amount of housing benefit a person can receive and is based on the number of rooms needed for the size of the family. Two children of the opposite sex are expected to share a room up until the age of 10 and the same sex up to the age of 16 unless there is a medical reason why sharing is not possible. The shared room rate was extended from under 25's to under 35's from January 2012, and this is the maximum housing benefit a claimant under 35 can receive unless they are severely disabled. The LHA rates have not been increased since April 2015 and they are expected to remain at the current levels from April 2017.

In 2015, the Government announced their intention to apply LHA rates to properties in the social rented sector (council and housing association properties) from April 2018, this was subsequently deferred to April 2019 and has since been abolished, a review of supported housing funding is still ongoing.

Current weekly LHA rates.

	1 bed shared	1 bed self contained	2 beds	3 beds	4 beds
Solihull	£69.05	£116.53	£149.59	£172.60	£230.14
Warwickshire	£69.77	£119.09	£150.36	£181.80	£246.50
Coventry	£65.65	£92.05	£111.48	£128.19	£170.67

The broad rental market area (BRMA) is used to determine LHA rates and this differs from the District boundaries therefore Solihull and Coventry LHA rates apply to some of our claimants, eg Baginton is in Coventry BRMA.

8.6 LA tenants and tenants of registered providers

Prior to April 2013, the maximum housing benefit for tenants renting from the LA or a registered provider, was their total rent less any charges for ineligible services, regardless of the size of the property and the number of occupants. From April 2013, size restrictions apply in line with those which were already in place in the private sector. This reduces the maximum housing benefit by 14% where a claimant is under-occupied by one bedroom and 25% by two bedrooms. There are currently 637 claimants whose maximum housing benefit is restricted by under occupancy, an increase of 16 from last year.

Under occupancy restrictions

	One room 2016	Two room 2016	One room 2017	Two room 2017
LA	353	66	360	65
Registered Providers	187	15	194	18

From 1st April 2016 all LA's and registered providers were required to reduce their rents for exiting tenants by 1% a year for 4 years.

8.7 Non dependant deductions

The maximum rent is further reduced for all claimants, regardless of tenancy type, who have a non-dependant living in the property. Whilst Benefit rates have been frozen, non-dependant rates have increased each year, non dependant deductions do not apply if a claimant or partner is in receipt disability living allowance or personal independence payment.

Non dependant deductions – April 2017

Non dependant circumstances	Non dependant deduction
Under 25 & in receipt of a prescribed benefit.	Nil
Over 25 & in receipt of a prescribed benefit or working less than 16 hours.	£14.80
In receipt of pension credit.	Nil
Over 18 and working over 16 hours	
• Gross income: less than £136.00	£14.80
• Gross income: £136.00 to £199.99	£34.00
• Gross income: £200.00 to £258.99	£46.65
• Gross income: £259.00 to £345.99	£76.35
• Gross income: £346.00 to £429.99	£86.95
• Gross income: £430.00 and above	£95.45

Non dependant deductions – April 2018

Non dependant circumstances	Non dependant deduction
Under 25 & in receipt of a prescribed benefit.	Nil
Over 25 & in receipt of a prescribed benefit or working less than 16 hours.	£15.25
In receipt of pension credit.	Nil
Over 18 and working over 16 hours	
• Gross income: less than £139.00	£15.25
• Gross income: £139.00 to £203.99	£35.00
• Gross income: £204.00 to £264.99	£48.05
• Gross income: £265.00 to £353.99	£78.65
• Gross income: £354.00 to £438.99	£89.55
• Gross income: £439.00 and above	£98.30

8.8 **Universal Credit**

Universal Credit is gradually being rolled out to Job Centres across the Country and replaces income based job seekers allowance (JSA(IB)), income support, working tax credit, child tax credit, income related employment and support allowance and housing benefit. Leamington job centre were running a "light touch" service which meant that only customers who would have been entitled to JSA could claim Universal Credit with roll out of full service which included all other benefits expected in June 2018. However, live service was withdrawn from all job centres from 1st January 2018 for all new claims and claimants now have to claim Housing Benefit. The date for full service roll for Leamington has been further delayed until October 2018 for new claimants and migration of existing Housing Benefit claimants customers to start sometime in 2019 to be completed in 2022. The DWP have a plan in place for Universal Credit roll out to ensure that training and awareness is provided across the District and we will be working closely to deliver this.

All claims for Universal credit must be made online and the local authority will be required to provide support for those unable to make their claim and provide budgeting support for those claimants who may struggle to manage their money. The local authority will still receive discretionary housing payment funding for claimants who have a rental liability and are struggling to pay their rent.

8.9 **Discretionary housing payments**

Discretionary housing payments (DHP), are payments which can be paid in addition to Housing Benefit, to assist claimants who are struggling to pay their rent. The authority is responsible for designing its own scheme, within the parameters prescribed by Government. In 2015/2016, we received £140,259.00 of discretionary payment funding and this increased to £167,306.00 from April 2016 and £209,030.00 from April 2017. Claimants are expected to provide information and evidence which supports their assertion that they are unable to meet their rental payments and generally non essential expenses are disregarded. Awards for discretionary payments are time limited, and the period over which they are awarded is dependant on their circumstances, once a claim has ended, a claimant can re-apply.

There have been 373 applications for DHP made since April 2017, 196 awards have been made and 122 refused. The remainder are either waiting to be processed or waiting further information from the customer.

Discretionary awards

Reason for award	Current awards
Benefit cap	5
Restrictions due to LHA	13
Under Occupancy	40
Combination of reasons	1
Other	11

8.10 Financial Inclusion Group

The group consists of officers from Housing, Benefits, Community Partnership Team and Economic Development and is now chaired by Andrew Jones. The group meet to discuss financial inclusion and how this might drive initiatives to help our residents and how we can work with our partners to improve financial capability.

8.11 Ex armed forces personnel.

The Council continues to support ex armed forces personnel by applying it's discretion to disregard any war pension or war widows pension when calculating entitlement to housing benefit and council tax reduction