

FAREHAM

BOROUGH COUNCIL

Report to Health and Housing Policy Development Review Panel

Date **13 November 2014**

Report of: **Director of Community**

Subject: **WELFARE REFORM UPDATE**

SUMMARY

Further to the report brought to the Panel in January 2014, this paper provides Panel members with an update on the progress of the Government's reform of welfare, the implications for the Council and the impact on our residents currently receiving assistance towards their rent and Council Tax.

RECOMMENDATION

That the Panel notes the content of this report.

INTRODUCTION

1. Following the coalition Government's commitment to reform the current welfare system, the main changes affecting benefit claimants since April 2013 are:
 - Social Sector Size Criteria restriction (removal of the Spare Room Subsidy)
 - Overall Benefits Cap
 - Local Support for Council Tax
 - Single Fraud Investigation Service
 - Universal Credit

SOCIAL SECTOR SIZE CRITERIA

2. There are currently 116 Council tenants affected by the Social Sector Size Criteria (SSSC) regulations. Of these tenants, 100 (86%) have had a 14% reduction and 16 (14%) have had a 25% reduction in their Housing Benefit entitlement.
3. The number of affected SSSC tenants in arrears increased from 46 in April 2013 to 59 tenants in August 2014. It is important to note here that these figures are just a snapshot in time and it would be presumptive to assume that this is purely as a result of welfare reforms.
4. There are currently 121 Registered Social Landlord (RSL) tenants affected by the SSSC regulations. Of those tenants, 111 (92%) have had a 14% reduction and 10 (8%) have had a 25% reduction in their Housing Benefit entitlement.
5. SSSC regulations are also applicable to benefit claimants living in temporary accommodation. Families are always, where possible, placed in properties that reduce the likelihood of SSSC regulations applying. However, there are occasions when they have had to be placed in larger properties to meet their emergency housing needs. Discretionary Housing Payments (DHP) applications are submitted for all appropriate cases.
6. The Housing Team and Benefits Team continue to engage with those affected, providing advice and support for rent arrears and housing options, benefit checking, income maximisation and assistance with DHP.

THE BENEFITS CAP

7. The Benefits Cap was introduced in April 2013 and sets a limit on the total amount in benefits that most working age claimants can claim. The total amount that can be claimed is £500 per week for single parents and couples with children, and £350 per week for single people.
8. Claimants who receive working tax credits or who work enough hours to claim tax credits are exempt from the Cap. Similarly those claimants who receive certain disability benefits are also exempt.
9. There are currently 11 households affected by the Benefits Cap (2 families in Council properties, 4 families in Housing Association properties and 5 renting in the private sector). Due to the significant work undertaken by the Benefits Team with these families since the introduction of the Benefits Cap in April 2013, the majority of these households have now adapted well to the reduced level of Housing Benefit and are

maintaining their rent payments.

LOCAL SUPPORT FOR COUNCIL TAX

10. Since the abolition of Council Tax Benefit, the Government devolved the responsibility to design a Council Tax Support scheme for working age claimants to local billing authorities from April 2013. Fareham Borough Council has implemented its own schemes for 2013/14 and 2014/15 and work is currently under way to design the scheme that will run from April 2015.
11. Currently 4737 claimants receive Council Tax Support. The funding for Council Tax Support is contained within an element of the Revenue Support Grant each year rather than reimbursement of actual expenditure as was the case under the previous Council Tax Benefit regime. The scheme for pension age claimants (56% of our total caseload) is prescribed by Central Government therefore to reduce the financial impact on FBC and our precepting authorities, the cost of supporting working age claimants must come from the funding left over after the cost of the pension age scheme has been met.
12. Council Tax collection rates have remained largely unchanged since the reduction in support available to working age claimants. There has been a significant increase in the level of recovery activity carried out by the Council Tax team to ensure our collection rates remain high. Since the introduction of Council Tax Support, the number of summonses issued to those receiving assistance has, unfortunately, more than doubled to 375 issued in the first 6 months of this financial year.
13. 64 applications have been made for assistance through our Hardship Fund and applicants are required to engage with our dedicated budgeting officer (funded by FBC and employed by the CAB).
14. It is being proposed that for the 2015/16 scheme we continue with the current level of support which contains the following key elements:
 - Every working age claimant pays the first 20% of their Council Tax bill
 - For those claimant living in large homes, the amount of Council Tax Support they receive is no higher than that given for a smaller house (a band C property)
 - Where claimants have other adults living with them who are not dependent upon them (for example grown up children), this non-dependent adult is expected to contribute a minimum rate of £3.70 per week towards the household council tax bill
 - As well as pensioners, the most vulnerable working age claimants are exempt from the reductions above.
15. Following a period of public consultation (22 September 2014 to 19 October 2014), the Executive will consider the proposals for 2015/16 and Full Council will agree a final scheme at their meeting of 11 December 2014.

SINGLE FRAUD INVESTIGATION SERVICE

16. The formation of a Single Fraud Investigation Service (SFIS) covering the investigation of all welfare benefit fraud was announced in the Autumn Statement (December 2013) by the Chancellor of the Exchequer. It was confirmed that SFIS would be launched

within the Department for Work and Pensions (DWP) as a single organisation and implementation would commence in 2014 with a gradual roll out nationally ending in 2016. FBC were selected for Phase 2 of the roll out timetable and our two investigators transferred to DWP on 1 October 2014. FBC are no longer responsible for investigating Housing Benefit fraud as this function will be undertaken by SFIS however we are still required to investigate allegations of Council Tax Support fraud, Council Tax discount fraud and Tenancy fraud, therefore we are currently recruiting to a new post of Investigations Officer who will undertake this work.

UNIVERSAL CREDIT

17. The latest statistics from the DWP show that 11,070 people are now receiving Universal Credit (UC). This is significantly lower than the estimated 1 million claimants being in receipt of the new benefit by October 2014 (estimations were revised in December 2012). 80% of current claimants are in the North West of England and of these; the vast majority are single unemployed males under 25 years of age who would otherwise have been receiving Job Seekers Allowance.
18. Approximately 9 million claimants will eventually transfer to UC and DWP expect full migration by 2017. On 30/9/14, the Work and Pensions Secretary announced that the national expansion of UC will commence from February 2015 for single claimants previously eligible for Job Seekers Allowance. It is important to note that the transfer of 2.5 million claimants from Incapacity Benefit to Employment & Support Allowance (a far simpler transfer by comparison) took over 3 years so the actual timetable and impact on Fareham residents remains very unclear.
19. Local Authorities will be expected to provide face-to-face assistance to vulnerable UC claimants through a Local Support Services Framework (recently rebranded to '*Universal Support – delivered locally*'). Formal trials of various aspects of local support began on 1 September 2014 in 11 Jobcentre Plus/Local Authority partnership areas across the UK and findings from these will inform future delivery.
20. Whilst UC will undoubtedly change our relationship with those of working age, there are currently no plans to introduce anything similar for pensioners. The Welfare Reform Act 2012 provided a facility for a Housing Credit to be introduced as part of Pension Credit but DWP are not committing to a timetable for this and have intimated that Housing Benefit for pensioners will remain with Local Authorities for the foreseeable future.
21. The Head of Housing, Revenues & Benefits is a member of the Solent Local Authorities Support Services forum which meets regularly with Jobcentre Plus to discuss UC and associated developments.

RISK ASSESSMENT

22. Any financial and reputational risks to the Council as a result of the Government's Welfare Reform agenda continue to be monitored and mitigated against as detailed in the last update to the Panel at their meeting of 16 January 2014.

CONCLUSION

23. The impact of the Government's Welfare Reform agenda continues to affect the

Council, our partners, local communities and individuals. We remain committed to mitigate the impacts as much as possible.

24. The continual delays in the implementation of UC mean that there is still considerable uncertainty around funding, demand and how services will need to be delivered in the future which can make planning difficult.
25. The changes continue to be a considerable risk in relation to funding levels, increasing debt levels and increased demand on our services. Accordingly, the risk remains on the Council's corporate risk register.

Reference Papers:

[Report to Health and Housing Policy Development Review Panel 16 January 2014.](#)

Enquiries:

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