

Report of the Head of Contact Centre to Overview and Scrutiny Committee
11 January 2016

Welfare Reform Update

At a meeting of the Impact of Welfare Reform Task Group on 23 July 2014, a report detailing the welfare reforms, and their impact on Wyre residents and the council was presented. This is an update as to progress since the original presentation. It also provides an early warning as to what we are already aware is coming.

Ongoing reforms

Universal Credit

The largest of the welfare reforms is the ongoing "migration" of those currently receiving certain benefits, known as legacy benefits, across to Universal Credit (UC). Under current DWP planning assumptions, the migration of claimants currently claiming Job Seekers Allowance, Income Support, Employment Support Allowance, Tax credits, Pension Credits and Housing Benefit (HB), will now be completed by 2021. Though no official statement has been made by the DWP, the completion date of 2021, which is now being widely quoted by them on correspondence, represents a further years extension on the previous forecast of 2019/20.

UC was introduced in Wyre (at Fleetwood Job Centre Plus) on 03 November 2014. In the year to 31 October 2015 a total of 725 UC claims had been processed, with 170 HB claims being closed as a consequence of the claimants being migrated onto UC. Given that the current HB caseload at this council is 7,400 claims, and new claims are received every day, the UC migration will need to "speed up" substantially if it is to be completed by 2021.

UC is a digital only benefit i.e. it can only be applied for online. The council has entered into a Delivery Partnership Agreement (DPA) with the DWP, under which it will provide support to any Wyre resident required to claim UC, but unable to do so online without assistance. Under the DPA the Council will also provide any UC claimant with Personal Budgeting Support (PBS) or more intensive debt advice, if needed. Those requiring assistance are identified by the DWP, who then notify the council accordingly. To date the DWP have only referred nine individuals for PBS, all of whom have declined the offer of assistance.

The benefits cap

Plans to extend the benefits cap further by reducing the maximum amount of benefit claimants can receive down to £20k per year instead of £25k are due to take effect from 01 April 2016 subject to resolution of a number of legal challenges.

The restriction of Registered Social Landlord rents

One new change has been announced that will be implemented from 01 April 2018, and will have a significant impact on Registered Social Landlords (RSL's) and RSL tenants. For HB calculation purposes the eligible rent (the amount of rent used to calculate the HB of a tenant living in private landlord accommodation) is determined by using the Local Housing Allowance (LHA) rate for the area the property is located in. The LHA rate is set by the Rent Officer Service (part of the DWP) and also takes into account the number of bedrooms required by the claimant's household. LHA rates are normally lower than RSL weekly rents, which are currently accepted by LA's without referring them to the Rent Officer (RO), unless the LA considers them to be too high. From 01 April 2018, the eligible rent figure the council uses to calculate HB entitlement for any RSL tenant taking a new tenancy after 01 April 2016 will be the LHA rate used to calculate private tenants HB entitlement.

It is almost certain that this will result in the amount of HB RSL tenants receive being reduced. In turn this will impact on the council by virtue of the fact that an increase in the volumes of claims for a Discretionary Housing Payment (DHP) is inevitable. This has been anticipated by the Government, who have announced an increase in DHP funding to each council. The additional funding will not however, cover the shortfalls in HB resulting from this change.

Other likely changes

HB for pensioners

The original DWP intention to migrate pensioners onto UC in October 2015 was discarded some time ago. UC is designed as a benefit for "working age" claimants and as such the DWP have a long-standing problem as to what they are going to do with pensioners HB claims.

In last month's Autumn Statement reference was made to HB for pensioners being funded by LA's instead of the DWP. Should this become reality, then it is likely that the council will be asked to create a localised HB scheme for pensioners, as we did previously when we developed a Localised Council Tax Support (LCTS) scheme to replace the national Council Tax Benefit (CTB) scheme. It is also likely that, similar to LCTS, the funding for any new scheme would be insufficient to match current levels of expenditure on pensioners HB under the current national HB scheme, which is repaid to the council in full by the DWP. The Council currently pays around £10 million in HB each year in respect of 2,300 claims.

Supported Accommodation

Supported accommodation is used to house tenants who require support and assistance in order to live there. Some of these tenants have learning disabilities, physical or mental health issues, whilst others may be vulnerable young adults. Examples of supported accommodation include the Fleetwood YMCA Foyer, George Williams House, a Women's Refuge, and would also include the proposed "extra care" facility on Chatsworth Ave in Fleetwood should it be completed. The council pays much higher levels of HB in respect of claimants living in these establishments than would otherwise normally be the case. This is

because the residents in these accommodations need support in order to live there. This support, referred to as Intensive Housing Management (IHM), is provided by the organisation managing the property. IHM costs can be met from HB providing that they are reasonable. HB cannot be used to cover the costs associated with providing care however, and this causes difficulties as the organisations managing these properties provide both care and support. With this in mind senior Benefits Officers scrutinise these HB claims closely, frequently challenging the amounts being claimed, and the basis for claiming them. Recently, as other funding streams available to care providers have "dried up", there has been a "flurry" of activity around this type of benefit claim, with providers trying to "cost shunt" across to HB.

Indications are that from 01 April 2018, and in respect of any tenancy of exempt accommodation that commences after 01 April 2016, HB claims for supported accommodation will be based on LHA rates, with any associated additional communal and IHM costs being met via an application for a DHP, if that application is successful. The obvious issue with exempt accommodation will be that the DHP fund is unlikely to be sufficient going forward to cover current expenditure through HB on IHM and communal charges.

NB. This type of claim has already been excluded from UC and will remain with the council.

Other welfare reforms

Though reference has been made to other possible reforms, details are too sketchy at the moment to comment further on how these reforms would impact on the council and the residents.

Peter Mason
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18 December 2015

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Overview and Scrutiny Committee – Monday 11 January 2016

Implementation of welfare reforms – update on progress

Extract of information taken from the Ten Performance Management System

RES 12 Number of people assisted with claiming Universal Credit (UC)

	Period	Actual	Target
	Q1/15/16	0	0

RES 12.a UC – Additional support with online access

	Period	Actual	Target
	Q1/15/16	0	
	Q2/15/16	0	

RES 12.b UC – Telephone advice given

	Period	Actual	Target
	Q1/15/16	0	
	Q2/15/16	0	
	Q3/15/16		
	Q4/15/16		

RES 12.c UC – Face to face advice given

	Period	Actual	Target
	Q1/15/16	0	
	Q2/15/16	0	

RES 13 Number of referrals received for personal budgeting support Universal Credit

	Period	Actual	Target
	Q1/15/16	4	0
	Q2/15/16	5	0
	Q3/15/16		0
	Q4/15/16		0

RES 14 Number of manual applications to Local Council Tax Reduction Scheme processed

Period	Actual	Target
Q1/15/16	43	
Q2/15/16	58	
Q3/15/16		
Q4/15/16		

RES 15 Council support given to the Universal Credit Service Centre

Period	Actual	Target
Q1/15/16	196	
Q2/15/16	140	
Q3/15/16		
Q4/15/16		

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