

REPORT TO	DATE OF MEETING
Cabinet	11th June 2014

Report template revised June 2008



SUBJECT	PORTFOLIO	AUTHOR	ITEM
Welfare Reform	Shared Service & Corporate Support	Ian Parker	4

SUMMARY AND LINK TO CORPORATE PRIORITIES

Efficient, Effective and Exceptional Council

RECOMMENDATIONS

That Cabinet agree the following:

- (1) That the Council enters into a contract with DWP (to run until the end of March 2015) to provide a Local Support Service designed to assist claimants access Universal Credit
- (2) That, as part of the agreed contract, this Council will also provide access to Budgeting Services (including pre-Court advice)
- (3) That the Benefits Services (and other associated services such as Gateway) provide all necessary Management Information Data to central government's Universal Credit Programme Team

DETAILS AND REASONING

Background

1 Welfare Reform

- 1.1 The Welfare Reform White Paper, published October 2010 highlighted major welfare reform proposals, many of which would have direct implications for residents of the Borough that were claiming Housing and/or Council Tax Benefit.
- 1.2 Most of the welfare reform proposals have been implemented within the Benefits service. Perhaps the most high profile change to date was the introduction of a Local Council Tax Support Scheme. This is now in its second year; collection data for 2013/14 showed around 70% was collected. This well exceeded expectations. Some 1000 additional court cases arose from those claimants that refused to pay on time. Extra support and a more lenient approach to court action were initially allowed for such customers. All costs were recovered.
- 1.3 Other changes included in the Welfare Reform agenda included Under Occupancy and the Benefit Cap. The latter was a restriction to a maximum benefit per week of £500 for a couple and £350 for a single person. Very few cases exist in the Borough; currently we have 15 cases affected by the Cap.
- 1.4 Under Occupancy restricted the number of bedrooms to that which was deemed necessary. If a claimant had one bedroom more than deemed necessary their rent would be restricted by 14% if they had two or more, their rent would be restricted by 25%. Under Occupancy

was applied to tenants in registered social landlord accommodation. It was similar to Local Housing Allowance which was introduced in April 2008 but restricted to the private sector.

- 1.5 Under Occupancy initially affected 651 claimants. This has dramatically fallen to 454. Nationally there has been a reduction of 11% however in this Borough the reduction has reached around 30%. Whilst it is impossible to identify the reasons why the number has fallen, national commentators have pointed to people moving back into work.
- 1.5 Pensioners were unaffected by the Welfare Reform agenda which was aimed at those of working age. The measures were designed to make work pay and to break the dependency culture. The Government recognised that some people may face urgent need or hardship and duly increased the Discretionary Housing Payments (DHP).
- 1.6 Access to DHP has been made as simple as possible but take up is far less than that seen nationally. This may be because we have seen a 30% reduction in the number of Under Occupancy cases. Last year we spent £35,500 on DHPs, awarding 120 people DHPs of varying amounts for varying periods of time. In 2012/13 we awarded less than £5,000.

2 Universal Credit

- 2.1 Perhaps the biggest single change that has direct implications for this Council is the introduction of Universal Credit, which is to replace several means-tested benefits including Housing Benefit. Currently over £20m is paid out by this Council in the form of Housing Benefit. It is the government's intention to cease Housing Benefit, replacing it with Universal Credit.
- 2.2 Pilot schemes have been operating throughout the Country albeit on a limited basis, typically restricting access to single non-householder applicants. This Pilot will be extended to South Ribble in June/July 2014.
- 2.3 Recent discussions with DWP highlighted some potential issues for existing Housing Benefit customers and those that will apply for Universal Credit. Those issues have been documented in the proposed contract between DWP and the Council which is appended to this report.
- 2.4 Officers have been working closely with DWP and this Council in particular has been included in a number of cost modelling and process mapping/engineering as part of the Universal Credit Working Group.
- 2.5 The contract ends at the end of March 2015 and it is suggested (but no firm information available yet) that a new contract will be proposed from April 2015. Officers have successfully negotiated funding to cover the additional new burdens that will fall to the Council. That funding is circa £100,000. Timescales are extremely tight, and at the time of producing this report DWP had not updated the contract to reflect the costs.
- 2.6 All costs associated with the contract must be used to deliver the specified services. The accounting will be completed on a monthly return basis.
- 2.7 Whilst Management Information data will be provided directly to DWP and the Universal Credit Team, the Portfolio Holder and Cabinet will be similarly kept informed developments.

WIDER IMPLICATIONS

In the preparation of this report, consideration has been given to the impact of its proposals in all the areas listed below, and the table shows any implications in respect of each of these.

FINANCIAL	There are no financial implications arising from the report as all costs incurred will be fully funded by DWP. These costs will be recovered on a regular basis by completing monthly financial returns.
LEGAL	This is a new burden which is funded by DWP with a contract that is binding on both the Council and DWP. The contract is a standard contract.
RISK	Universal Credit replaces amongst other benefits, Housing Benefit. The proposals set out in the Contract are prescriptive and limited both in its nature and timeframe – ending at the end of March 2015. There is little risk to the Council and in practice this situation is reported on a monthly basis.
THE IMPACT ON EQUALITY	This is part of the Government's wider Universal credit scheme which is a statutory scheme.

OTHER (see below)	
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<i>Asset Management</i>	<i>Corporate Plans and Policies</i>	<i>Crime and Disorder</i>	<i>Efficiency Savings/Value for Money</i>
<i>Equality, Diversity and Community Cohesion</i>	<i>Freedom of Information/ Data Protection</i>	<i>Health and Safety</i>	<i>Health Inequalities</i>
<i>Human Rights Act 1998</i>	<i>Implementing Electronic Government</i>	<i>Staffing, Training and Development</i>	<i>Sustainability</i>

BACKGROUND DOCUMENTS