

REPORT TO: SCRUTINY COMMITTEE – PEOPLE
Date of Meeting: 2 June 2016
Report of: Assistant Director – Customer Access
Title: Welfare Reform update

Is this a Key Decision?

No

Is this an Executive or Council Function?

Executive

1. What is the report about?

To provide an update for members on those Welfare Reforms having the greatest impact on the services and customers of Exeter City Council.

2. Recommendations:

That Scrutiny note the contents of the report, particularly around the effect of Universal Credit rollout on Council services.

3. Reasons for the recommendation:

Welfare reforms continue to impact Exeter City Council's customers and the work undertaken in the "Help me with my financial / housing problem" system.

4. What are the resource implications including non financial resources?

Increasing volumes of Universal Credit claims will put pressure on staff resources within the system. As the cumulative impact of reductions in benefits are felt, the amount of Administrative grant given by Government to run the service may not be sufficient and in future years Members will be asked to determine options for future support.

5. Section 151 Officer's comments:

Although there are no immediate financial implications contained in the report, Members will note the potential for additional financial support in the future. Any impact on the medium term financial plan will be analysed when, and if, additional resources are requested.

6. What are the legal aspects?

None.

7. Monitoring Officer's comments:

This update report raises no issues for the Monitoring Officer.

8. Report details:

8.1 Universal Credit – The Government’s flagship welfare reform is set to replace several existing benefits including Housing Benefit and Tax Credits. Rollout has been considerably slower than planned and there have been delays at every stage, so the timeline given here can only be indicative. Universal Credit launched in Exeter Jobcentre in November 2015. It is currently only available to people who would normally be making a new claim to Jobseekers Allowance and who fall within narrow entitlement conditions (single, no caring responsibilities, present in UK for last 2 years etc.) Universal Credit customers receive help with their housing costs within their UC award, so in most cases are not eligible to receive Housing Benefit. This leads to a reduction in our Housing Benefit caseload, although to date volumes are too small to make a detectable difference. Customers receiving housing costs through UC will still get help from us with their Council Tax through Council Tax Support and additional help with housing costs through Discretionary Housing Payments.

8.2 The next stage of rollout is to introduce the Digital Service nationwide. At that point all new claims for legacy benefits (Jobseekers Allowance, Income Support, Employment & Support Allowance, Working and Child Tax Credits and eligible Housing Benefit) will become claims for Universal Credit. This will rapidly increase the number of people receiving Universal Credit and the complexity of their circumstances. The current plan is that this rollout will begin over the next couple of months and be across the country by the end of 2017. Exeter Jobcentre will not be going live on the Digital Service before 2017. Only once the national rollout for new claims is complete will existing cases be migrated to Universal Credit. Our best guess at present is that this will not be complete before 2022.

8.3 Experience so far is showing that, even with low numbers of claims and the most straightforward of cases, dealing with Universal Credit customers is taking significant resources within the Benefits and Welfare, Customer Services and Payment and Collection teams. There is considerable confusion on the part of claimants, landlords and even DWP staff regarding how the Universal Credit process works and, because they remain our customers, it is often falling to our teams to provide advice and support with claiming and payment issues. We have also found the interaction of Universal Credit regulations with Council Tax Support and Housing Benefit to be very complex, with virtually every new case presenting fresh challenges. The extra work being created is far outweighing any saving from losing a small number of straightforward Housing Benefit cases.

8.4 Once rollout is complete and existing cases are migrated over to Universal Credit Housing Costs, Exeter City Council will still retain:

- All Council Tax Support claims
 - National scheme for pensioners
 - Local scheme for working age
- All Pension age Housing Benefit claims
- Working age Housing Benefit claims for tenants of supported accommodation

Overall, by 2022, the Benefits and Welfare team will lose less than a quarter of their total cases, even if rollout continues as currently anticipated.

8.5 In addition we are currently in a partnership agreement with DWP to provide some support services to Universal Credit claimants. This includes:

- Support for claimants to make their UC claim online
- Personal budgeting support to manage a single monthly payment
- Support for the UC processing centre around housing costs

This arrangement will be reviewed ahead of the full digital rollout and will only continue if sufficient funding is made available by DWP.

8.6 Household Benefit Cap – Introduced in 2013, the benefit cap places a limit on how much a household can receive in welfare benefits. Households with disabled family members are excluded, as are those entitled to Working Tax Credit. When introduced in 2013 the level was set with reference to average earnings. From some point in 2016/17 the limit will be reduced from £26,000 per year to £20,000 (£500 per week down to £385). We anticipate up to 100 households in Exeter will see a reduction in their Housing Benefit entitlement. We are still waiting for a list from DWP, now due to be provided later in May 2016, of potentially affected cases. Once we have this information we will begin work to mitigate the impacts on these families ahead of the introduction of the cut, expected in November 2016. Our Discretionary Housing Payments allowance has been increased by 14% (£20,311) this year to help us support those customers who are affected for the first time or who will see their benefit income drop for a second time in three years. Affected households are mostly larger families with at least three children, in rented accommodation and with little or no work history. These customers often require a large amount of support from officers over an extended period of time to remove themselves from the effects of the cap. Exemptions for carers are expected to be introduced before the lower cap applies.

8.7 Freezing of benefit rates – From April 2016 for four years, the weekly amount of most benefits will be frozen. Assuming the cost of goods and services continues to increase during this period, the freeze will leave all benefit claimants less able to manage their expenditure. The freeze includes the amount of rent that can be covered by Housing Benefit in the private rented sector, making fewer tenancies affordable to tenants reliant on Housing Benefit. This will increase demand for discretionary and crisis support provided by Exeter City Council.

8.8 The removal of the Family Premium from Housing Benefit – From May 2016 customers making a new claim for Housing Benefit will no longer have an addition included for their family, reducing their award by £11.34 per week. This will further impact the ability of the estimated 400 low income households to afford their rent, increasing demand for discretionary funds and crisis support.

8.9 Numerous further changes to the welfare system have been announced. Legislation and start dates for many are still outstanding.

- Housing Benefit backdating reduced to one month – April 2016
- Universal Credit work allowances reduced or removed – April 2016
- Social sector rent reduction by 1% per year for 4 years – April 2016
- Housing Benefit temporary absence outside UK reduced to 1 month – Autumn 2016
- Housing support restriction for 18 to 21 year olds – April 2017
- Restrictions in Universal Credit and Housing Benefit for households with more than two children – April 2017
- Social sector Housing Benefit eligible rent restriction – April 2018

9. How does the decision contribute to the Council's Corporate Plan?

“Provide services to meet customers’ needs” – Our residents who are impacted by Welfare Reforms rely on the support and services we provide to help them through.

10. What risks are there and how can they be reduced?

There is a risk that the Authority will face more demand for discretionary help and support than we have resources to provide. We will continue to work with our partners in DWP and Exeter Money Advice Partnership to offer co-ordinated help at the earliest point.

11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

Many of the welfare changes affect the more vulnerable households in our community. The disabled, large families and, in limited cases, the elderly, may all face more financial difficulty and housing insecurity as a result of reduced benefit incomes and migration to Universal Credit. The discretionary funds and support offered by the “help me” system play an important role in mitigating the worst effects on the most vulnerable.

12. Are there any other options?

Participation in the agreement with DWP to support Universal Credit delivery is voluntary. We could opt not to deliver some of the services if the terms offered by DWP are insufficient when the Digital Service rolls out next year.

Assistant Director

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:-

None

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