

EXETER CITY COUNCIL

SCRUTINY COMMITTEE 6 NOVEMBER 2012

EXECUTIVE 20 NOVEMBER 2012

WELFARE REFORM

1 PURPOSE OF REPORT

- 1.1 To identify the anticipated impact of the proposed welfare reforms and to approve the activities identified in the risk assessment to mitigate the impact of the changes.

2 BACKGROUND

- 2.2 The Government's aim to reduce the national welfare budget by means of a series of far-reaching welfare reforms is in the process of implementation. So far the changes that have been introduced, while affecting some individuals significantly, have had a relatively low-level impact on benefits claimants in Exeter and on their interaction with the services that the council provides. These changes are:

- Removal of the Local Housing Allowance excess of £15 from those paying less than LHA-level rent
- Removal of the Local Housing Allowance rate for a 5 bedroom house
- Reduction of Local Housing Allowance rates from median rents to 30th percentile rents
- Increases to non-dependant charges
- Loss of extra benefit to households with children under 12 months old
- Shared room rate extended to single people between 25 and 35 years old

- 2.3 From April 2013 a raft of new changes to benefits will be introduced. These are set out in Appendix A, together with the anticipated impact on both the Council and our benefits claimants, but in summary they are:

- Council Tax Benefit to be abolished and replaced with a local scheme
- Local Housing Allowance to be increased by Consumer Price Index not Retail Price Index
- Benefit reductions for working-age social housing tenants under-occupying their homes
- Community Care Grants and Crisis Loans to be abolished and replaced with a local scheme
- Introduction of Universal Credit between 2013 and 2017 which rolls together separate benefits into a single payment

- 2.4 The impacts of these changes could be serious and far-ranging, impacting on claimant's income in general and specifically on their ability to meet the cost of the house they currently live in. There are potential implications for the Council's general fund and housing income and on the demand for certain services such as the debt-collection, debt advice, council tax, benefits, housing options and homelessness and tenants' services.

2.5 The risk assessment attached at Appendix B identifies the key risks for the Council and its residents and sets out suggested interventions to mitigate the risks.

3 RESOURCE IMPLICATIONS

3.1 The risks of the welfare reform changes impacting on the Council's income and staff resources have been identified and mitigated but will need to be closely monitored. Many of the suggested interventions can be resourced within existing budgets and some transitional funding is available.

4 RECOMMENDED

4.1 That the Committee notes the implications of welfare reform for the Council's services and our benefits claimants and request Executive to approve the proposed interventions.

SARAH WARD
ASSISTANT DIRECTOR HOUSING AND CONTRACTS

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S:PA/LP/Cttee/1112SCC7
29.10.12

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

Background papers used in compiling this report:-

None