

Report of Jill Wildman, Director of Housing Services, East North East Homes Leeds

Report to Inner East Area Committee

Date: 2 February 2012

Subject: Welfare Reform Update

Are specific electoral Wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, name(s) of Ward(s):		
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, Access to Information Procedure Rule number:		
Appendix number:		

Summary of main issues

The Government has embarked on a major programme of Welfare Reform which sees major changes happening in the next three years. This wide range of reforms proposes to make benefits and the tax credits system fairer and simpler. The Bill proposes to create the right incentives to get more people into work by making it affordable and better able to tackle poverty, worklessness and welfare dependency.

This report is to provide members of the Inner East Area Committee as to the progress of work currently being undertaken to prepare for the potential changes in order to mitigate any impact they may have.

A city wide Welfare Reform Strategy document and communication plan is to be presented at the Executive Board in February 2012.

A Welfare Reform Strategic Board, Environments and Neighbourhoods/ ALMOs Working Group / Welfare Reform Project Team (accountable to the East North East Area Leadership Team) along with a cross ALMO / BITMO / Lettings Officer Group are all now established and are working in preparation for the proposed changes.

Recommendations

The Inner East Area Committee is asked to note the content of the Report and the attachment at Appendix A.

1 Purpose of this report

- 1.1 The purpose of this report is to update members of the Area Committee on the Welfare Reform proposals / changes.

2 Background information

- 2.1 The Government has embarked on a major programme of Welfare Reform which sees major changes each year for the next three years. Please note Appendix 1 that outlines information on the most significant changes over the next three years.

3 Main issues

3.1 Local Housing Allowances

January 2012 sees Local Housing Allowance changes coming into effect for claims that were transitionally protected at April 2011.

The Shared Accommodation Room rate extension to cover single people up to the age of 35 in the private rented sector also comes into effect from January 2012. It will take until December 2012 for both these sets of changes to be applied to all private rented sector cases.

Caseload analysis as at the end of December 2011 shows that 11,812 cases are now on the new Local Housing Allowance scheme. 6,864 of these have no shortfall in their rent to make up and 4,948 cases have a shortfall to make up with the average shortfall being £17.77 per week.

- 8,095 cases will move on to the new LHA rates between January 2012 and December 2012 including 2,353 cases moving into the Shared Accommodation Rate.
- 7,261 of these will have a reduction in the Local Housing Allowance with the average reduction being £15.47. Of these 2,014 are cases moving into Shared Accommodation Rate with an average reduction of £32.97 per week.

The Government has increased Leeds' funding for Discretionary Housing Payments from £297k in 2010/11 to £800k in 2012/13. Additional funding is also being provided by Government to support Housing Options teams in helping tenants to make the transition to the new LHA schemes. This will be used to increase advice capacity within Leeds.

3.2 Welfare Reform Bill

The next main reforms are planned to come into effect from April 2013. These are:

- Disability Living Allowance to Personal Independence Payments
- Social Fund responsibility to be transferred to local Councils
- Under occupation rules for the social rented sector

- Benefit Cap to limit the maximum amount of benefit a family can receive in a week
- Universal Credit implementation from October 2013.

The Welfare Reform Bill is currently in the House of Lords and the Lords have overturned the Government's proposals around under occupation in the social rented sector. The Lords voted for an amendment that, among other things, would limit under occupation to where a tenant has two or more bedrooms than is required. The Government has yet to respond to this.

3.2 **Universal Credit**

The Department for Work and Pensions (DWP) has set up a number of working groups to look at issues relating to Universal Credit policy. These include the following groups at which Leeds is represented:

- A Transition Working Group looking at the issues for local Councils in migrating and preparing to migrate Housing Benefit claims to Universal Credit.
- A Support and Exceptions Group looking at the support social sector tenants will need to effectively manage their finances when being paid benefit directly.
- A Face to Face Delivery Group looking at the role of local Councils in supporting delivery and access to Universal Credit.

The DWP is also looking at setting up pilot and pathfinder arrangements:

- Demonstrator Projects are being put in place with up to six local Councils to look at the issues arising from paying tenants their housing costs directly. This will involve relatively small numbers of tenants moving to direct payment ahead of Universal Credit implementation.
- Local Authority pilots are being considered for between 6-12 Local Authorities to look at options for integrating Universal Credit and Local Authority Activity in a way that helps tackle worklessness.
- A Universal Credit pathfinder will be put in place from April 2013 to test elements of Universal Credit prior to national roll out in October 2013.

3.3 **Local Council Tax Support**

The Government issued its response to the consultation responses it received on proposals to replace Council Tax Benefit with local schemes of support for Council Tax. The response confirmed that:

- Local schemes of Council Tax Support will be introduced with effect from April 2013.
- Government funding for local schemes will be cut by 10%.
- Government will prescribe a scheme of support for pensioners to ensure that pensioners are protected from any reductions. There will be no other

description on protected groups although the Government is keen to encourage Councils to look at this issue for themselves.

- Councils will need to have adopted a local scheme of Council Tax support by 31 January 2013.
- DCLG has set up a Delivery Group to look at the issues that need to be addressed in establishing local schemes and Leeds is represented on this group.

3.3 Preparations for the Reforms

A Welfare Reform Strategy will be presented to Executive Board in February 2012 with the key elements of the Strategy dealing with:

- Developing a detailed understanding of the reforms across Leeds.
- Ensuring claimants and stakeholders are fully prepared for the changes.
- Ensuring support arrangements are in place for vulnerable tenants.
- Ensuring delivery of Council services reflect requirements of Welfare Reform.
- Developing a budget action plan that sets out and addresses the financial implications for the Council arising from the Welfare Reforms.
- Working with Jobcentre Plus to maximise opportunities to tackle worklessness under a Universal Credit system.

As part of this strategy a number of activities have already been completed:

- Maps showing how and where changes relating to LHA changes, under occupation, the benefit cap and local Council Tax support schemes impact in Leeds both individually and cumulatively, will be available shortly.
- Potential Council Tax support schemes are being worked up.
- Monthly Welfare Reform briefing bulletins will be available for Members and stakeholders from February 2012.
- Workshops are to be run in February and March for all frontline workers in the Council and in partner organisations to prepare staff to provide advice to customers about the Welfare Reforms and potential impact.

Work is also underway to develop an understanding of the implications of the reforms for Child Poverty. Detailed analysis is being developed around families on Housing Benefit with three or more children in the first instance to see (a) what the cumulative impact of the changes will be for these families and (b) to help develop approaches for maximising opportunities and mitigating unhelpful impacts. A number of case studies will be developed which will also look at issues such as debt, financial inclusion, digital inclusion and readiness for the changes. This work is being taken through the Child Poverty Group.

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 The changes are being rolled out nationally, however, Leeds City Council have already consulted Leeds residents on specific Welfare Benefit changes i.e. non-dependent changes introduced in 2011 and will continue to do so as to any future proposals. Further publications will be produced as and when changes are confirmed and when the specific customers that will be affected are known. Also as part of the proposed Welfare Strategy document a Communication Plan is currently being developed setting out how the proposed changes will be communicated and residents consulted, along with staff, Members and all other stakeholders. It is proposed that regular briefings will be provided to Members as from February.

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 This report has no Equality and Diversity / Cohesion and Integration considerations.

4.3 Council policies and City Priorities

4.3.1 The details in this report outline the Council's progress on preparing for Welfare Reform and the changes this will bring.

4.4 Resources and value for money

4.4.1 Future consideration and effective planning will need to be given as to what the potential impact of the proposed Welfare Reform changes may have on resources, customers and stakeholders.

4.5 Legal Implications, Access to Information and Call In

4.5.1 There are no legal implications or access to information issues. This report is subject to call in.

4.6 Risk Management

4.6.1 The proposed Welfare Reform Bill has the potential to change the demand for services and also the resources available to Leeds residents, Leeds City Council and other stakeholders.

5 Conclusions

5.1 The report and Appendix A are presented to the Inner East Area Committee for information only.

6 Recommendations

6.1 The Inner East Area Committee is asked to note the content of the report and the attachment at Appendix A.

7 Background documents

7.1 Please see Appendix A attached.