

Title of Report:	The impact of welfare reform in West Berkshire
Report to be considered by:	Overview and Scrutiny Management Commission
Date of Meeting:	25 February 2014

Purpose of Report: To inform the Overview and Scrutiny Management Commission of the emerging impacts of :

- Council Tax Support
- Social Sector Size Criteria
- Discretionary Housing Payments
- Community Grants
- Food Bank
- Benefit Cap
- Universal Credit

Recommended Action: To note the contents of the report and conduct scrutiny accordingly

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Executive Report

1. Introduction

- 1.1 At its meeting of 16 April 2013, the Overview and Scrutiny Management Commission resolved that it would conduct a review into the effect of the government's welfare reforms. This report provides background on the topic and gives a snap shot of the impact of those reforms in the first months of implementation.
- 1.2 Matters reported relate to; Council Tax Support, Social Sector Size Criteria, Discretionary Housing Benefits, Community Grants, Benefit Cap, and Food Banks, Universal Credit and the emerging impact of these changes on recipients, the Council and partner organisations.

2. Council Tax Support

- 2.1 Council Tax Support (CTS) replaced Council Tax Benefit (CTB) in April 2013. Council agreed a scheme of CTS that maintained the same levels of benefit for CTS as compared to CTB for pensioners, and for those of working age in receipt of a range of disabled related benefits - all other claimants of working age have been required to pay at least 8.5% of their Council Tax since April 2013, increasing to a minimum 10% contribution from April 2014.
- 2.2 At the point of transfer in April 2013 there were 8320 CTS claims. The latest data for the 31 December 2013 shows a reduction, with 7896 claimants in total, of which 3667 are pensioners , 1712 with a disability related benefit (both groups protected with no change in assessment compared to Council Tax Benefit)) and a further 2497 paying at least 8.5% of their Council Tax before being awarded support.
- 2.3 The administrative transfer from Council Tax Benefit to Council Tax Support was achieved with little or no disruption to those claimants and on the whole the scheme is operating well and is well understood by applicants and support organisations.
- 2.4 Council does have the ability to vary the scheme (with the exception of Pensioners) from year to year should it desire to do so - but only after full and proper consultation with claimants and the wider district and interested parties.

3. Council Tax Collection Performance

- 3.1 The change from Council Tax Benefit to Council Tax Support and the requirement for some claimants to contribute where before they had not been required to could increase the incidence of Council Tax payers claiming support to potentially default on their payments
- 3.2 Looking at the available data collection rates are marginally lower than last year. The 31st December 2013 reported collection was 85.63% of the amount due being paid compared to 86.19% by the 31 December 2012. It should be noted that 2011 - 2012 collection rates were the highest to date at the very top quartile of performance nationally.
- 3.3 There is a health warning for the figures above - this year for the first time residents have had the option to pay their Council tax over 12 months as well as over 10 months. Many have taken up this option so comparing year against year in this first

year of change does not provide a reliable comparator. The true collection rate will not be fully known until May 2014.

- 3.4 Looking at payments defaulting, for the period April 2013 to Jan 2014 we have issued 16454 reminder notices compared to 13069 in the same period last year, and 6936 summonses for non payment compared to 5798 for the same period in the previous year.
- 3.5 We are unable to identify in the above figures those who are receipt of Council Tax Support and accordingly it should not be assumed that the uplift in recovery action is solely attributable to this group.
- 3.6 At this stage in the year it is too early to tell what the final outturn will be but the current collection rate is not a cause for concern at this stage.

4. Social Sector Size Criteria

- 4.1 This came into force in April 2013. It affects tenants of working-age living in social sector housing who claim Housing Benefit. This will mainly impact on certain groups and older couples in their 40s/50s where children have now left home.
- 4.2 There are 656 households (as at 31 Dec 2013) within the District affected by the Social Sector Size Criteria and have their Housing Benefit payments reduced accordingly.
- 4.3 Of these, 543 are under occupying by one bedroom and therefore their rent is restricted by 14%. The other 113 claims are under occupying by two or more bedrooms and have their rent restricted by 25%.
- 4.4 These changes are impacting on social sector tenants, social sector landlords, and the Council.
- 4.5 It is difficult to quantify the impact of these changes but Information from the Sovereign Housing Association (SHA) our largest social landlord within the district indicates that their income levels have reduced gradually during the first three quarters (compared to last year) and that the increase in rent arrears is greater within this region compared to others.
- 4.6 SHA have sought to mitigate the impact of these changes and have been facilitating residents to mutual exchange to smaller homes - 74 exchanges within West Berkshire in the first quarter compared to 33 at the same point last year.
- 4.7 In addition their Tenancy Support Team assisted 551 residents across all regions in the first quarter in claiming backdated benefits, income maximisation and rent arrears reduction.
- 4.8 SHA have also been taking part in the National Housing Federation's gathering of information about the Bedroom Tax impact. They reported that they know of 30 tenants within the region wanting to downsize and that there is a much greater demand for 1 and 2 bedroom homes as people try to downsize.
- 4.9 SHA's new pre - tenancy affordability assessment have assessed some people, who are on benefits and who would be entitled to full housing benefit, as being unable to afford a social rent home. They are therefore effectively saying that these

households cannot afford a home anywhere, as social rent is the most affordable accommodation available.

- 4.10 SHA are also seeking to mitigate some of the impact of this change and have a more robust pre-tenancy affordability checking in place and now expect all residents to pay a minimum of one weeks' rent prior to receiving the keys. This is

		Apr	Jun	Sep	Dec	Mar	Total
DHP	2011/12	32	46	55	61	51	245
DHP	2012/13	19	40	39	40	174	312
DHP	2013/14	275	85	185	166		711

having an impact as SHA are referring applicants to the Council to apply for DHP for the rent in advance, so this policy will potentially impact on the Council's budget once the government funding has been used.

- 4.11 Some help for tenants affected by the impact of this change may be available from the Council by way of Discretionary Housing Payments.

5. Discretionary Housing Payments

- 5.1 Following the introduction of the Social Size Criteria in April 2013 there has been a significant increase in the number of Discretionary Housing Payment (DHP) applications.

DHP 2013/14						
	Apr	Jun	Sep	Dec	Mar	Total
Agreed	182	55	113	78		428
Refused	93	29	64	60		246
Awaiting assessment	0	1	8	28		
Average Award (£ per week)	23.59	22.22	36.17	31.71		£28.42 aver
Average length of Award (days)	157	142	154	141		148.5 days
Average number of days to decision	16	16	15	21		17
No. of review requests	5	7	0	17		29

5.2 58% of assessed applications have been granted an award of DHP (April - Dec)

69% of approved applications have been awarded DHP as a consequence of Social Sector Size Criteria

DHP Fund = £604,180 of which £214,672 is Government funding

DHP Spend and Commitment April - Dec £280,929

DHP Fund remaining as at 31 Dec 2013 £323,250

Council Funding used £39,257

5.3 Applicants applying for DHP due to Social Size Criteria are being provided with detailed written advice on the options available to them to move to smaller accommodation and are being made aware that DHP awards will not (in the majority of cases) be made longer term, therefore they need to proactively consider their options.

5.4 We have also been maximising the housing needs points of social under-occupiers on the Common Housing Register and some properties have been advertised giving preference to households affected by the Social Sector Size Criteria - both of these steps have been taken to try and enhance the opportunity for those affected to move to smaller accommodation, thus freeing up larger accommodation for other families in housing need. Overall, the pressure arising from Social Sector Size Criteria appears once again to be on two bedroom homes.

6. Community Grants

6.1 Following the abolition of the Community Care Grant and Crisis Loans by the Department for Works and Pensions on the 31st March 2013 West Berkshire set up the Communities Grant (CG) scheme.

		Apr	June	Sept	Dec
CG Applications	2013/14	21	33	59	66

6.2 CG Fund 2013-14 = £167,884

CG Spend YTD = £72,723

CG Fund Remaining = £95,161

83% of CG applications have been successful (i.e. they have been made an award)

The average award amount has been £484.82. The highest award has been £1918.06 and the lowest has been £8.90.

6.3 Overall, the criteria and policy appear to be working well. Having a dedicated officer in post has been critical to our ability to manage the demand and to ensure that applicants are provided with tailored advice.

6.4 Applicants applying for CG have mainly been applying for white goods. New white goods are sourced via the Community Furniture Project.

7. Food Bank

7.1 The West Berkshire Food Bank has to date helped 654 people in West Berkshire and distributed 13.2 tons of food donated by Churches, Supermarkets, and the public.

7.2 Applicants are typically allowed a maximum of three food vouchers but this can be exceeded in extenuating circumstances.

Ward	No Vouchers	Adults	Children	Total
Aldermaston	4	4	0	4
Bucklebury West	6	8	5	13
Burghclere, Highclere, St Mary Bourne	1	2	0	2
Burghfield	1	4	0	4
Clay Hill	12	19	23	42
Cold Ash	1	1	0	1
Downlands	2	4	0	4
E.Woodhay	3	4	1	5
Falkland	3	4	2	6
Greenham	29	37	8	45
Hungerford	2	2	3	5
Kingsclere	4	4	2	6
Kintbury	19	31	8	39
Lambourn	4	4	1	5
Mortimer	1	1	0	1
Northcroft	18	21	3	24
Purley On Thames	4	4	0	4
Speen	12	19	18	37

St Johns	17	22	7	29
Sulhamstead	1	1	0	1
Thatcham C	8	12	7	19
Thatcham N	11	20	5	25
Thatcham S & Crookham	6	7	6	13
Thatcham W	6	10	0	10
Theale	2	3	0	3
Unknown	15	19	1	20
Victoria	18	20	4	24

7.3 In addition to food parcels, Food bank can courtesy of the Salvation Army issue clothing vouchers to use in the Salvation Army Charity Shop.

8. 'Benefit Cap'

8.1 The 'Benefit Cap' affects families and single claimants. Families or certain individuals in receipt of Disability Living Allowance, Working Tax Credit, and Employment Support Allowance will be exempt from this change.

8.2 The affect of this change will be to 'cap' the total income at £500 per week for families, or £350 per week for individuals. This includes Housing Benefit, Carer's Allowance, Income Support, Child Tax Credit and most other benefits.

8.3 The Benefit Cap is being applied in a phased approach and commenced in July within West Berkshire. Information is provided by the DWP to the Council who are then instructed to reduce the amount of Housing Benefit paid to such a level that the total of all benefits paid does not exceed the limits above.

8.4 To date 31 claims has been so restricted

8.5 The level of cap varies from household to household - the highest indicated weekly cap that we are aware of is £293 per week, to the lowest of £1.46 per week. The average reduction is £73.33 per week.

8.6 It is understood that the DWP have forewarned those claimants affected and provided information and possible options to mitigate the impact of this change.

8.7 Whilst the total numbers are relatively small the impact will be significant for those concerned by this change - demand will undoubtedly fall upon the Council to assist in someway to mitigate the undeniable consequences of the 'Cap'

9. Universal Credit

- 9.1 Universal Credit is intended to consolidate a range of benefits into one single benefit payable directly to the applicant. This would see the removal of Housing Benefit from Local Authority administration to the DWP. A target date of October 2013 was indicated as the start of a phased roll out of universal Credit.
- 9.2 There has been well publicised implementation issues in relation to Universal Credit and our latest understanding is that it may not be until 2017 until Housing Benefit (and then only certain categories of Housing Benefit) are transferred to the DWP.
- 9.3 This uncertainty is causing issues for the Council and particularly in respect of staffing and investment - our initial planning now some three years ago provided strategy where we could minimise the impact on claimants, staff, and the Council. That strategy is having to be revised in the light of the revised time frame for implementation.

10. Summary

- 10.1 Much of the intelligence used with this report relates to April - Dec 2013. There is little information available at this stage to determine the true impact of these changes upon individuals and families and there may well be continuation of difficulty in determining this.
- 10.2 What is apparent though is that many of these changes are converging on the same individual and families - with further changes to follow e.g. the introduction of Universal Credit at some point.
- 10.3 What is also apparent is the Council is in part either directly 'pushing' these changes' such as Council tax Support, Social Size Criteria, and 'Benefit Caps' or mitigating these and the wider impacts of these through the payment of DHP's and Community Grants.

11. Recommendation

- 11.1 It is recommended that the Overview and Scrutiny Management Commission notes the contents of this report and conducts scrutiny accordingly.
- 11.2 To assist the members of the Commission in their considerations, the following have been invited to attend the meeting:
- (1) Sean Anderson, West Berkshire Council Head of Customer Services
 - (2) Mel Brain, West Berkshire Council Housing Strategy and Operations Manager
 - (3) Andrew Bruce, Newbury Foodbank Chair
 - (4) Adrian Brunskill, Sovereign South + West Regional Housing Manager
 - (5) Councillor Roger Croft, West Berkshire Council Executive Member for Strategy & Performance, Housing, ICT & Corporate Support, Legal and Strategic Support
 - (6) Jo England, West Berkshire Council Client Financial Services Manager
 - (7) Jan Rothwell, West Berkshire Citizens Advice Bureau Chief Executive
 - (8) David Wiseman, Newbury Job Centre Plus Manager

There are no Appendices to this report.