

Executive Report to Scrutiny

Scrutiny Commission:

Neighbourhood Services and Community Involvement

Date of scrutiny committee: 26th January 2015

Welfare Reform Update

Lead director: Alison Greenhill

Useful information

- Ward(s) affected: All wards
- Report author: Caroline Jackson
- Author contact details: 37 2501
- Report version number: 1.0

1. Summary

- 1.1 The report provides an update as to welfare reform initiatives impacting locally, current benefits performance statistics and future developments.
- 1.2 The Scrutiny Commission is asked to note the report, and is invited to comment on the observations contained in the report.

2. Main report

National rollout of Universal Credit

- 2.1 Universal Credit (UC) rollout across the North-West region was completed by December 2014 and will then be available in almost 100 (1 in 8) Jobcentres nationally for both single people and childless couples meeting other eligibility criteria. The current caseload is approximately 18,000 claimants.
- 2.2 On 13th October 2014 the Secretary of State announced the national rollout of UC will commence from February 2015. This will be conducted in four 'tranches' – the first of 73 local authorities will take place from February to April 2015 however and will not include Leicester. It is anticipated this will involve single claimants who would otherwise claim JSA only, but will include housing costs replacing Housing Benefit awards.
- 2.3 The latest business case outlined by the DWP in October 2014 anticipates that the final new claims for 'legacy' benefits, including Housing Benefit, will be made in 2017. Migration of existing legacy benefit claimants is due to be completed by 2019 – although pensioner claims, exempt accommodation and some other exceptions will continue to have Housing Benefit administered by local authorities.

Universal Support: Delivered Locally

- 2.4 From 2013 onwards the DWP has developed the Local Services Support Framework in order to outline the support network Universal Credit will require in order to be successfully implemented. This was rebranded in October 2014 as Universal Support: Delivered Locally (US: DL).
- 2.5 The framework anticipates the development of a number of key themes, including successful partnership working between the DWP, local authorities & voluntary organisations, effective triage of vulnerable claimant's needs, appropriate referral networks and support around personal budgeting and digital inclusion needs.

- 2.6 From September 2014 eleven US:DL formal trial sites were selected to run for a 12 month period under independent audit in order to demonstrate outcomes. LCC has been invited by the DWP to become an informal trial site following internal research conducted over the last six months in preparation for US: DL, although no funding would be provided for this purpose.
- 2.7 As UC is introduced in each local authority area, Local Delivery Partnership (LDPs) are being drawn up between the DWP and local authorities - to offer appropriate services as above and to ameliorate the additional costs associated with UC, for example manual processing of UC notifications for Council Tax Reduction. No LDP has yet been drafted in respect of LCC however.

Local Welfare Provision (LWP) 2015/16 consultation

- 2.8 From April 2013 to date the transfer of LWP from the DWP Social Fund has resulted in the development of the Community Support Grant local offer and associated schemes. In December 2013 the government announced a specific LWP sum would no longer be identified in general grant funding. However, this decision has been reconsidered following judicial review and further consultation.
- 2.9 The City Mayor responded to the consultation on behalf of the Council. A copy is provided at **Appendix A**.
- 2.10 The Government's Local Government Finance settlement consultation 2015 – 16 published in December states. "Local authorities will continue to be able to offer local welfare assistance from within existing budgets, alongside a range of other services in 2015-16 if they judge it a priority in their area.....An amount relating to local welfare provision has been separately identified in each upper-tier authority's general grant, totally £129.6 million nationally.....The Government has always been clear councils should choose how best to support local welfare needs. Therefore this allocation will not be ring-fenced and we will not be placing any new duties, expectations or monitoring requirements on its use." (Appendix B, section 2.2). However it is important to stress that this is not new money, i.e. it is not a continuation of additional funding for welfare issues but merely the identification of an unring-fenced sum of money from our existing total grant.... In effect it continues to be a complete cut of this funding.

The amount identified within Leicester's existing 2015/16 funding is £1.4m, compared to the grant of £1.9m in 2014/15. Therefore no on-going welfare monies are available without a reconfiguration of the council's budget strategy (on the assumption that government's decision remains unchanged).

The consultation includes a question on this, namely "Do you agree with the Government's proposal that local welfare provision funding of £129.6m should be identified within the settlement by creating a new element distributed in line with local welfare provision funding in 2014-15?" The consultation ends on 15 January and a response is being prepared.

Future developments

- 2.10 The Big Lottery Fund is to provide the Leicester Ageing Together programme, which includes LCC, Leicester's Clinical Commissioning Group and a range of local charities,

with close to £5 million to coordinate a 'test and learn' programme on combatting isolation amongst older Leicester residents.

- 2.11 Research & Intelligence is undertaking a qualitative research project on Welfare Reform impacts. The first round of interviews has been completed on the themes of cost of living increases, financial difficulties relating to benefits, cumulative impact to wider family networks and resources for resilience, managing and coping. Social exclusion, psychological impacts and barriers to improvements are also considered. Results will be finalised and the report shared later in the year. The report identifies areas of concern and discusses opportunities to deliver support differently. Follow-up interviews will take place with collaboration with services and partners.
- 2.12 The Fair Finance City initiative commenced in the City earlier last year. A task group has been formed and chaired by the Bishop of Leicester. Members of the task group are the Diocese of Leicester, Leicester City Council, Leicestershire County Council, Voluntary Action Leicestershire and representatives from 'reaching people' and the Centre for Responsible Credit. The task group is working together to formulate a strategy to develop more equitable financial provision and develop greater resilience in communities. The group is in the early stages of setting up a steering group to move forward their ideas. The task group will work in collaboration with organisations such as money advice, financial providers and other support organisations.

Local Performance Statistics Q2 2014/15

- 2.13 For full statistics for the second quarter in respect of Local Taxation collection rates, Housing Benefit & Council Tax Reduction assessment timeframes, Council Tax Discretionary Relief & Discretionary Housing Payments and Community Support Grants spend, please see **Appendix B**.

Welfare reform impacts Q2 2014/15

- 2.14 The Council's Council Tax Reduction Scheme has operated since April 2013 and remains unchanged. The scheme is a means tested financial discount awarded which reduces the council tax charge for the property which means the charge payer (bill payer) pays less council tax. In Leicester working age charge payers (charge payers between the ages of 18 and 62 years old) are expected to pay at least 20% of their council tax bill. The total discount award value for the year 2014/15 is £25,109,971 which financially supports 24,305 working age and 13,944 pensioner households pay their council tax bills. The Council Tax Discretionary relief fund so far this year has financially supported an additional 554 vulnerable households who are struggling to pay their bills. Both the Council Tax Reduction Scheme and the Council Tax Discretionary Relief fund will continue to offer financial support in 2015/16 with both policies remaining unchanged.
- 2.15 The removal of the spare room subsidy (RSRS) in April 2013 resulted in 3,844 homes in the city seeing their housing benefit reduced by an average of £16.55 per week. By quarter two 2014/15 this number had fallen to 2,716 with the average loss remaining as £16.71. 58% of the discretionary housing budget this year has been spent on supporting households affected by this reform.
- 2.16 Households affected by the benefit cap had increased from 153 homes in 2013/14 to 173

homes by the end of September 2014; an increase of 13.07%. Families in council housing have seen the greatest increase (11.3% or 5 households) and the highest weekly increase in monetary terms of 43.80% or £28.09. This means council homes affected by this reform lose on average of £64.14 a week in housing benefit. The variance in the figure is as a result of the value of the cap upon the housing benefit income. The households and amount of the cap applied are identified by the Department for Works and Pension. Whereas families affected by the cap in housing association properties have seen a slight decrease in their monetary loss of £1.13 or 2.18%. 27% of the discretionary housing budget has been awarded to homes affected by this reform.

3. Details of Scrutiny

3.1 This report has not been scrutinised.

4. Financial, legal and other implications

4.1 Financial implications

4.1.1 This report provides an update on national welfare reforms and their local impact. Hence there are no significant direct financial implications for the Council, although the specific Government funding for local welfare provision will stop in 2015/16 and instead becomes a nominal presentational figure in the Council's general grant from Government; and the reforms and initiatives do impact upon certain residents of the City.

Colin Sharpe, Head of Finance, ext. 37 4081.

4.2 Legal implications

4.2.1

4.3 Climate Change and Carbon Reduction implications

4.3.1 There are no significant climate change implications arising from this report.
372 293

Louise Buckley
Graduate Project Officer – Climate Change 372 293

4.4 Equality Impact Assessment

4.4.1 The Revenue and Benefits Service continues to collect equalities monitoring information of those affected by the Council Tax Reduction Scheme and other aspects of the Government's welfare reform agenda. It recently completed an equality impact assessment of the Council Tax Reduction Scheme one year on, reviewing its original assumptions of the likely impacts of the scheme's introduction. The main protected characteristics affected were age, disability, gender and race. It's conclusion was that people facing the greatest barriers to work are represented in higher numbers in the claims population. That includes people with disabilities, women, people with responsibility for young children (predominantly lone parents), and people who may struggle with English. The review also described the mitigating actions taken during the course of the year and the impact of these actions. The Revenue and Benefits Service will continue to review equality impacts and the effect of its mitigating actions in relation to its role in delivery of local welfare reforms in keeping with its ongoing Public Sector Equality Duty.

Irene Kszyk, Corporate Equalities Lead, ext 374147.

4.5 Other Implications

4.5.1 No other implications.

Appendix A

Local Welfare Provision consultation response from Leicester City Council

(see next page)