

**FLINTSHIRE COUNTY COUNCIL**

**REPORT TO:**           **HOUSING OVERVIEW & SCRUTINY COMMITTEE**

**DATE:**               **WEDNESDAY, 16 APRIL 2014**

**REPORT BY:**       **DIRECTOR OF COMMUNITY SERVICES**

**SUBJECT:**           **WELFARE REFORM UPDATE**

**1.00   PURPOSE OF REPORT**

1.01   To update members on the latest position regarding Welfare Reform.

**2.00   BACKGROUND**

2.01   When the Welfare Reform Board agreed in July 2013 that its objectives to oversee the development and successful implementation of the Welfare Reform Strategy had been completed, it was agreed that alternative arrangements were needed to report on the operational aspects of managing Welfare Reform.

2.02   As a result, it was agreed that for Council Members this would be through reporting to Cabinet and Scrutiny and for partner organisations through the Local Service Board (LSB) and Advice Management Board (AMB).

2.03   The Welfare Reform update for members in the autumn was provided through the Member Workshop held on 8th November 2013. This report begins a cycle of quarterly reporting which is aligned to the Council's performance reporting cycle. This report was provided to Cabinet in March and Corporate Resources Overview & Scrutiny in April.

2.04   This report identifies affected areas and the Council's response. Updates are provided on a regular basis to the LSB and AMB.

**3.01   Benefit Cap**

As of the 31 December 2013, 42 Flintshire households were subject to the Benefit Cap and have had their housing benefit reduced accordingly. The total reduction in housing benefit amongst the Flintshire households is £4,695 pw.

The Benefit Cap is an ongoing process with the Department for Work and Pensions advising Flintshire Housing Benefit department of new cases to be capped or removed from capping on a monthly basis.

The Welfare Reform Response Team directly targeted the households subject to the Benefit Cap. To date, seventeen households have engaged with a response worker and started to identify and implement solutions to the financial problems that have been generated by having their weekly welfare benefit income reduced.

Through the interventions of the Welfare Reform Response Team, six households have been assisted to become exempted from the Benefit Cap and a further three households are awaiting decisions on disability benefit claims, which if they are successful, will exempt these households too. All seventeen households have been provided with personal budgeting support to help them to be more adept at managing their household income

### 3.02 **Maximum Rent Social Sector (MRRS)**

The introduction of MRSS (also known as Bedroom Tax or spare room subsidy) in April 2013 resulted in a reduction of housing benefit (HB) payable in instances where social housing tenants under occupied a property based on the number of bedrooms in the property. HB is reduced by 14% for households under occupying by 1 bedroom and 25% for those household under occupying by 2 or more bedrooms.

A loophole within the administration of the MRRS was identified in January 2014. This loophole relied on the fact that the transitional protection on how the HB eligible rent is calculated for claimants with a social landlord, who had been continuously in receipt of HB and living in the same dwelling since at least 1 January 1996, was not revoked when the MRRS was introduced in April 2013.

This technical failure to amend the pre-1996 housing benefit regulations has resulted in 104 Flintshire County Council tenants HB claims being exempt from MRRS. However, on the 3 March 2014, the government legislated to close the loophole and the HB claims identified as being exempt from the MRRS will again be subject to the 14% or 25% reduction from this date.

### 3.03 **Council Tax Reduction Scheme**

The Regulations have now been laid by Welsh Government and a scheme was adopted by Flintshire at the end of January for the 2014/15 financial year, with the availability of 100% reduction in eligible cases.

In December 2013, the Welsh Government launched a consultation on the future of its Council Tax Reduction Scheme. The consultation recognises that the cost of maintaining entitlement to CTRS will increase year on year, making it more and more difficult to sustain this protection, and, as a result they are reviewing the options for the

medium and long term future of council tax support. This was reported to Cabinet and Corporate Resources Overview & Scrutiny in February and the Council's response was submitted to Welsh Government by the required date of 5th March 2014.

### 3.04 **Discretionary Assistance Fund (DAF)**

The DAF is being managed by Northgate Public Services who are working in partnership with The Family Fund and Wrexham County Borough Council.

The DAF became operational across Wales from 2 April 2013 and has replaced elements of the DWP Social Fund. The purpose of DAF is to offer grant payments to help and support people where there is an identified need to safeguard their, or a member of their households, health and well-being and the applicant has no other means of meeting the immediate cost of living. Two grant payments are available; i) Individual Assistance Payment, and, ii) Emergency Assistance Payment.

The DAF is a cash limited fund which will initially run until March 2015. During the period April 2013 – October 2013, across Wales 18,320 applications were made to the DAF with support being given to 12,192 people. During the same period, Flintshire residents submitted 728 applications to the DAF with 428 of these applications (59%) being successful.

In its first six months of operation, the Discretionary Assistance Fund has spent just over £2.7 million of its annual budget of £10.2 million. This level of expenditure is significantly lower than projected. A recently published report from a Welsh Government Task and Finish Group included a series of formal recommendations to the DAF on how the scheme could be changed to offer assistance to more vulnerable households. A Flintshire County Council officer was a member of this group which was established by Welsh Government to consider the effects of changes to the welfare system on the social rented sector.

### 3.05 **Personal Independence Payments**

The Department for Work and Pensions (DWP) have acknowledged that there are unacceptable delays in processing personal independence payment applications. Statistics released in January 2014 by the DWP, demonstrate that decisions had been made on less than one in five new personal independence payment claims submitted in the period June to December 2013. Of particular concern was the delay in processing claims from applicants with a terminal illness. The DWP have now introduced new processes to ensure that such personal independence claims are fast tracked.

In a report published in March 2014 the Work and Pensions Select Committee stated that the current service to personal independence payment (PIP) claimants is 'unacceptable'. The Committee highlighted that some claims for PIP are taking six months or more to process and called for urgent action to improve the current 'unacceptable' service to claimants. The Select Committee make several recommendations within their report, including that the DWP clear the existing backlog of PIP claims before reassessment of existing disability living allowance claimants is extended

The reassessment process for current disability living allowance claimants aged 16 – 64 years old (on the 8th April 2013) commenced on the 28th October 2013. The DWP project that 20% of current disability living allowance claimants will not meet the stricter eligibility criteria for personal independence payments. The first groups of Disability living allowance claimants being reassessed are:-

- Children reaching 16,
- Claimants with fixed term awards that end after the 17th March 2014, and
- Claimants who report a change in their circumstances, i.e., their health has deteriorated and their care and mobility needs have increased.

The Government remain confident that the large scale reassessment of disability living allowance claimants, who have an indefinite award of disability living, (including over 32 Flintshire residents) under the PIP eligibility criteria will commence in October 2015

### 3.06 **Universal Credit**

The Department for Work and Pensions (DWP) have recently released statistics on the take-up of universal credit across the United Kingdom. The statistics demonstrate that between April 2013 and the 31 December 2013, a total of 4,280 people started on universal credit, i.e., completed the claim process, attended an interview with a work coach, and received at least one payment. Of these, around seven out of ten claims were made by people aged under 25. At present there are 3,780 live universal credit claims and only 10% of the live claims include housing costs (rent).

On the 3rd February 2014, a Statutory Instrument was laid before Parliament confirming that universal credit would be implemented within Flintshire from the 7th April 2014. Initially, only single unemployed claimants served by Shotton Jobcentre who live within postcode districts; CH5 1; CH5 2; CH5 3; CH5 4 & CH5 9, will be able to claim universal credit.

During the first few months, the take-up of universal credit in Flintshire amongst single claimants will be low, with the DWP projecting an average of 50 claims per month. However, the Secretary of State has given a commitment that during 2014 access to universal credit will be extended to include more claimant groups. It is understood that Shotton Jobcentre will begin to accept universal credit claims from claimant couples in September 2014. The proposal to extend access to universal credit to unemployed claimants with children is not expected to begin anywhere within the United Kingdom until 2015.

Flintshire has negotiated a DWP funded partnership agreement with the DWP. This will ensure there is a coordinated network of support provision available to assist vulnerable claimants to make and sustain their universal credit claim, and that measures are developed to provide DWP decision makers with direct access to technical advice and support from the Flintshire County Council Housing Benefit Service on universal credit claims that include housing costs.

The recommendations within a report on the implementation of universal credit within Flintshire, which outlines the Delivery Partnership Agreement between the Council and the DWP, were agreed by the Cabinet at their meeting held on 18 March 2014.

### 3.07 **Discretionary Housing Payments(DHP)**

The DWP have increased DHP funding to assist claimants who have been affected by welfare reform, this assistance is based on need and is viewed by DWP as temporary assistance until a claimant is able to adapt to the changes. The Council also provides funding within its base budget for DHP payments and this was re-profiled in the 2014/15 budget to take account of the level of DWP funding and levels of demand.

FCC Benefits Department have established protocols to ensure DHP is available to support affected claimants with an application process to ensure that help is provided in accordance with DWP guidelines.

As at February 2013, DHP totalling £245,811 has been paid to 584 claimants.

A review of applications in quarter 3 shows that 72.6% of applications were approved with landlord sector approval of :-

Flintshire	79.1%
RSL	78.9%
Private	61.8%

The Council's successful proactive work with claimants (see 3.10) has been effective in reducing the cost of DHP to levels lower than had been anticipated but, importantly, all eligible claimants have received support through DHP.

### 3.08 **Welfare Reform Training and Development Programme**

The programme continues to be delivered to front line advice and support staff from a range of internal and external services.

In December 2013, four training courses, providing an overview of universal credit and the personal independence payment, were delivered to 60 Flintshire County Council front line staff. Arrangements were made for these two courses to be cascaded to external advice and support services in March 2014. During January to March 2014, Flintshire County Council and the Department for Work and Pensions have also delivered universal credit presentations to the Flintshire's Private Landlord Forum, Support Providers Forum and Advisor Network.

### 3.09 **Welfare Reform Response Team (WRRT)**

The team was established in May 2013 to directly target advice and support at vulnerable households throughout Flintshire who are at most risk of losing household income and may face an increased risk of homelessness. The team has used data provided by the FCC Housing Benefit Service to predominately target their support services at households impacted by the spare room subsidy and the Benefit Cap.

At the 31st January 2014, the team had targeted over 175 households with 131 households accepting the offer of support and engaging with a response officer.

The WRRT interventions with these households have produced numerous successful outcomes, which have helped households to better manage the financial changes imposed upon them by the welfare reforms.

The successful outcomes include the following:

- 16 households were assisted to enter employment or to access training/education in order to enhance employment prospects
- 88 households were helped to gain extra weekly income, totalling £85,000pa
- 39 households were helped to avoid the risk of becoming homeless
- 20 households were helped to access more affordable accommodation

- 49 households received support to better manage their household budgets
- 29 households were helped to claim a discretionary housing payment award (Note: 41 households did not need to submit an application for a discretionary housing payment as the WRRT helped them to identify alternative means of meeting the shortfall in their housing benefit award.)

It is pleasing to report that the Welfare Reform Response Team has been commended in the 2014 Flintshire County Council Excellence Awards.

### 3.10 **Flintshire County Council tenants impacts**

A briefing note detailing the impacts of the welfare reforms upon council tenants and how these impacts are being managed is included at appendix 1, with information on allocations attached at appendix 2.

## 4.00 **RECOMMENDATIONS**

- 4.01 That Members note the report and the positive measures being implemented by the Housing Service, as outlined in Appendix 1, to mitigate the full extent of impacts from the welfare reforms from falling upon council tenants and to protect, as far as practical, the Housing Revenue Account income stream.

## 5.00 **FINANCIAL IMPLICATIONS**

- 5.01 None directly as a result of this report.

## 6.00 **ANTI POVERTY IMPACT**

- 6.01 There will be an impact of reducing benefits payable to residents who must be considered as our most financially vulnerable as that they had previously qualified for means tested benefits.
- 6.02 The work streams, which are being managed within Flintshire's response to the welfare reform agenda, aim to protect, as much as possible, the most vulnerable members of our communities from being adversely affected by the ongoing transformation of the social security system.

## 7.00 **ENVIRONMENTAL IMPACT**

- 7.01 None.

## **8.00 EQUALITIES IMPACT**

- 8.01 As a Legislative decision the impacts have been assessed by Department for Work and Pensions, Welsh Government, Welsh Local Government Authority and at an Authority level impacts have been recognised.

## **9.00 PERSONNEL IMPLICATIONS**

- 9.01 As the transformation of the social security system continues there will be an increased demand on staff resource to explain the changes to residents and to provide advice and support to help residents manage any resultant reduction in their household income.

## **10.00 CONSULTATION REQUIRED**

- 10.01 None.

## **11.00 CONSULTATION UNDERTAKEN**

- 11.01 None.

## **12.00 APPENDICES**

- 12.01 Appendix 1: Managing the impacts of welfare reform upon FCC tenants

Appendix 2: FCC Allocation Statistics – April 2013 to February 2014

## **LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985 BACKGROUND DOCUMENTS**

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