

**FLINTSHIRE COUNTY COUNCIL**

**REPORT TO:** **CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE**

**DATE:** **THURSDAY, 10 APRIL 2014**

**REPORT BY:** **HEAD OF FINANCE**

**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 information will also be provided to Housing Overview & Scrutiny in April.

2.04 Updates are provided on a regular basis to the LSB and AMB.

2.05 This report identifies affected areas and the Council's response. Where later information is available to the end of March, this will be updated verbally at the Committee.

### **3.00 CONSIDERATIONS**

#### **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 (DWP) advising Flintshire Housing Benefit (HB) 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

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

The introduction of MRSS (commonly known as Bedroom Tax) in April 2013, resulted in a reduction of Housing Benefit payable in instances where Social Housing tenants under occupied a property based on the number of bedrooms in the property. With reductions of:-

14% for 1 bedroom  
25% for 2 or more bedrooms

In Flintshire the number of tenants affected by these changes were  
14% reduction - 2064 tenants of which 1642 were Flintshire tenancies  
25% reduction - 772 tenants of which 690 were Flintshire tenancies.

A loophole within the administration of the MRSS was identified in January 2014. This loophole relied on the fact that the transitional protection aimed at tenants in 1996 operated by freezing the pre-1996 eligible rent rules for anyone who satisfied the continuous HB/continuous occupation requirements.

Although the rules for private tenants have undergone major reform, the rules for social sector tenants have not been amended therefore, technically, the eligible rent of a social sector tenant who has been on HB in the same dwelling since 1996 is calculated under the pre-1996 Regulations.

This technicality effectively exempts social landlord tenants from MRSS, where they have continuous HB and occupation prior to January 1996.

In Flintshire, the HB department identified 339 claims which required investigation for eligibility for exemption; this resulted in 104 claims being exempt from MRSS.

The Regulations were amended with effect from March 2014 to address this issue. As a result, any claims identified as being exempt this year will be subject to the restrictions again from the legislation change. This will require claims to be amended to remove the exemption. This is being actioned.

### 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 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.

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 have confirmed that the large-scale reassessment of claimants (including over 3,000 Flintshire residents) who have an indefinite award of disability living allowance will not commence until at least October 2015.

### 3.06 **Universal Credit (UC)**

The first statistics on UC, released in December 2013, show that, across the United Kingdom, 7,500 people have claimed the new benefit between April and December 2013 with seven out of ten claims being made by people aged under 25 years. At present there are around 5,000 live UC claims with only 10% of the live UC claims including housing costs.

On the 3rd February 2014, a Statutory Instrument was laid before Parliament confirming that UC will be implemented within Flintshire from the 7th April 2014. The Statutory Instrument also provided confirmation that from April 2014, universal credit will only be claimed by single unemployed claimants served by Shotton Jobcentre who live within the following postcode districts:-

- a) CH5 1 to CH5 4.
- b) CH5 9

It is expected that during the first few months of its implementation within Flintshire, the take-up of UC amongst single claimants will be low, with DWP projecting an average of 50 claims per month. However, the Secretary of State has given a commitment to Parliament that during 2014 access to universal credit will be extended to include more claimant groups. The DWP have indicated that Shotton Jobcentre will begin to accept universal credit claims from claimant couples during 2014.

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 also 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 implementation of universal credit within Flintshire which outlined the Delivery Partnership Agreement between the Council and the DWP was reported to Cabinet in March.

### 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.

### 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 £85,000 pa
- 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.)

#### **4.00 RECOMMENDATIONS**

4.01 That Members note the report.

#### **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 DWP, WG, WLGA, at an Authority level impacts have been recognised.

**9.00 PERSONNEL IMPLICATIONS**

9.01 As benefits reductions are implemented there will be an increase demand on staff resource to explain the changes to residents and provide advice and support to help residents manage the reduction in their household income.

**10.00 CONSULTATION REQUIRED**

10.01 None.

**11.00 CONSULTATION UNDERTAKEN**

11.01 None.

**12.00 APPENDICES**

12.01 None.

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

**Contact Officer: Ken A Jones**  
**Telephone: 01352 702286**  
**Email: [ken.a.jones@flintshire.gov.uk](mailto:ken.a.jones@flintshire.gov.uk)**