

# CHESHIRE EAST COUNCIL

## REPORT TO: CORPORATE SCRUTINY COMMITTEE

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<b>Date of meeting:</b>	4 <sup>th</sup> September 2012
<b>Report of:</b>	Director of Finance and Business Services
<b>Subject/Title:</b>	Welfare Reform Update
<b>Portfolio Holder:</b>	Councillor Raynes

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### **1.0 Report summary**

- 1.1 To advise the Corporate Scrutiny Committee on the progress in preparing for the changes being implemented under the Welfare Reform agenda.

### **2.0 Decision requested**

- 2.1 To note the contents of the report.
- 2.2 To consider any advice they can offer to Cabinet on the potential impacts of the Welfare Reform.

### **3.0 Reasons for the recommendations**

- 3.1 To update the Corporate Scrutiny Committee at their request.

### **4.0 Wards affected**

- 4.1 All Wards are affected.

### **5.0 Local Ward Members**

- 5.1 None specifically – all wards affected

### **6.0 Policy implications including - Climate Change**

#### **- Health**

- 6.1 The report covers current policy in relation to Housing Benefit and Council Tax Benefit and proposals for consultation for the implementation of the new Localised Council Tax Support Scheme.
- 6.2 Cheshire East Council has a duty to promote the take up of Benefit, which is being met. This is outlined in Section 10 of this report.

### **7.0 Financial Implications (authorised by the Director of Finance & Business Services)**

- 7.1 There are no financial implications associated with the proposed decisions,.

### **8.0 Legal Implications (authorised by the Borough Solicitor)**

- 8.1 The Council should have robust processes so that it can meet Statutory requirements.

## **9.0 Risk management**

- 9.1 Take up and support for current claimants and potential claimants is already being provided directly by the Council, and indirectly via funding to other organisations.
- 9.2 Modelling of the options, subject to consultation, for the new Localised Council Tax Support Scheme will ensure that the Council can set a legal Council Tax for 2013/14.

## **10.0 Background and options**

### **Background**

- 10.1 The Welfare Reform Act received Royal Assent on 8<sup>th</sup> March 2012 and introduces the Coalition Government's proposals to reform welfare to improve work incentives, simplify the benefits system and tackle administrative complexity. In addition other changes have already been introduced to many benefits.

### **Cheshire East Council's approach**

- 10.2 A corporate working group has been established to plan for the implementation of these changes, headed by Juliet Blackburn, Performance and Partnerships Manager, with Cllr Janet Clowes, Portfolio holder for Health and Adult Social Care along with representatives from the following Services:
- Adult Services
  - Benefits
  - Children's Services
  - Communications and PR
  - Corporate Policy
  - Economic Development and Regeneration
  - Housing
  - Other departments as required
- 10.3 A series of briefings has already been undertaken for Members and Officers throughout 2012, with further updates planned for later in the year.
- 10.4 The following outlines the more major changes which have been or will be introduced.

## **Housing Benefit**

10.5 Housing Benefit and Council Tax Benefit are the only national state benefits directly administered by the Council. Housing Benefit can be claimed by those in work or out of work and assists those on a low income to meet their rent, payable to either a private landlord or housing association.

10.6 The following are the changes which have been introduced:

### April 2011

- The rates of Local Housing Allowance (LHA), payable to those in private-rented accommodation, have been restricted to a maximum of a 4-bedroomed property, as opposed to the previous 5-bedroom limit for large households
- An overall maximum cap on the rates of LHA was applied (but did not affect any claims within Cheshire East Borough)
- The LHA rates are set at the 30<sup>th</sup> percentile of market rents rather than the median. This means 3 in 10 properties as opposed to 5 in 10 properties are now affordable to those claiming Housing Benefit.
- Private Rented claimants, with a disability and a non-resident carer, are allowed an extra bedroom where there is a need for overnight care.

### January 2012

- Single people, aged under 35, renting in the private sector, were limited to the rate for shared accommodation (such as houses in multiple occupation, bedsits) similar to the restriction in place for those under 25, rather than the rates for self-contained accommodation previously allowed.

### April 2012

- LHA rates are frozen for 12 months, rather than reviewed monthly.

10.7 The following changes are due to be introduced from April 2013:

- Working age claimants in Social Sector accommodation to have their Housing Benefit reduced if they are calculated as under occupying their home (14% reduction for one extra bedroom, 25% for two or more spare bedrooms).
- Benefits Cap introduced to Housing Benefit (see 10.13).
- A new Single Fraud Service is to be introduced merging the Fraud teams from all Councils with those teams from DWP and HMRC
- LHA rates to be increased on the lower of the average market rents or the rate of CPI.

## **Council Tax Benefit**

- 10.8 Council Tax Benefit is being abolished from April 2013. Following this, each Council is responsible introducing a replacement Localised Council Tax Support Scheme. The cost should be 10% less than the current Council Tax Benefit Scheme.
- 10.9 The Council currently awards c.£22m so must deliver a saving of c.£2.2m. This savings can be delivered from within the new Localised Council Tax Support Scheme or from other savings across the Council's budget.
- 10.10 Whilst the overall scheme design is at the discretion of the Council, pensioners are protected and the Council must have regard to vulnerable groups. Approximately 40% of the current caseload are pensioners leaving c.14,000 working-age households affected by the change.
- 10.11 The Council is identifying potential options to deliver a Localised Council Tax Support scheme and is shortly due to carry out a full public consultation to inform its decision making.
- 10.12 The following outlines the activities to be completed, with timescales, in order to meet the implementation from April 2013:

<b>Date</b>	<b>Activity Required</b>	<b>Progress to Date</b>
<b>Sept - Oct 2012</b>	Six Week Consultation Scheme finalised	Preparation in progress for web/leaflet based consultation
<b>December 2012</b>	2013/2014 Tax base set Scheme receives full Council approval	
<b>January 2013</b>	Scheme published	
<b>February 2013</b>	Council Approve 2013/2014 Business Plan 2013/14 Council Tax billing	
<b>April 2013</b>	Scheme goes live for claimants	

## **Benefits Cap**

- 10.13 The Benefits Cap is to be introduced in order to ensure that no workless family can receive more in welfare than the average earnings for working households. The provisional figures are:
- £350 per week - Single people
  - £500 per week - Couples/Lone Parents
- 10.14 Those receiving the following will be exempt from the Cap:
- Working Tax Credit

- Disability Living Allowance or Personal Independence Payment (from April 2013 – see 10.21)
- Attendance Allowance
- Support Component of ESA (Employment Support Allowance)
- Industrial Injuries Benefit
- War Widows and War Widowers Pension
- Claimants, who have been in employment for 52 weeks or more when they claim, will be exempt for up to 39 weeks.

10.15 The cap will be introduced in two phases:

- **Phase 1 - April 2013:** Housing Benefit will be reduced so that the total income from benefits does not exceed the cap (see 10.13), but will leave a minimum Housing Benefit in payment of 50p per week for those households where their income, before Housing Benefit, is already at or above the cap
- **Phase 2:** Other income will not be capped until the claimant is in receipt of universal Credit (see 10.17).

10.16 The DWP has provided the Council with lists of those potentially affected from next April and has written to them all. A cross-departmental working group is reviewing these and contacting all those identified to explain the changes and explore alternative options available (e.g. advice and support on finding work, moving to alternative cheaper accommodation, budgeting and debt management).

## Universal Credit

10.17 Universal Credit is at the centre of the welfare reform. It is a new benefit which is due to be introduced from October 2013 for new out-of-work claims and April 2014 for new in-work claims. It will replace the following main benefits:

- Employment and Support Allowance (Income related)
- Housing Benefit
- Income Support
- Job Seeker's Allowance (Income based)
- Tax Credits (Working Tax Credit and Child Tax Credit)

10.18 It is expected that claims will be made digitally (on-line or telephone) and a single payment will be made into the claimant's bank account monthly in arrears, to replicate how most employed people are paid. This single payment will include housing costs, which will be paid direct to the claimant and not the landlord.

10.19 Details have not yet been published on the transitional arrangements, but all those in receipt of the benefits listed in 10.17 will move to Universal Credit by the end of 2017.

10.20 In May 2012 it was announced that an early pilot of Universal Credit will be launched in April 2013 across Cheshire and Greater Manchester. However, only those in the Warrington area will be affected within Cheshire.

### **Disability Living Allowance (DLA) and Personal Independence Payment (PIP)**

10.21 From April 2013 through to March 2016, DLA is to be abolished for those of working age, and replaced with PIP. It will not affect children or those aged 65 or over.

10.22 PIP is based on an assessment of individual need. The new assessment will focus on an individual's ability to carry out a range of key activities necessary to everyday life. Information will be gathered from the individual, as well as healthcare and other professionals who work with and support them. Most people will also be asked to a face to face consultation with a trained independent assessor as part of the claim process.

10.23 There is no automatic transfer from DLA to PIP. Between October 2013 and March 2016 the DWP will write to claimants already getting DLA to invite them to make a claim for PIP. They will be individually assessed against the new entitlement criteria.

### **Incapacity Benefit and Employment Support Allowance**

10.24 Since 31st January 2011 new claims are no longer accepted for Incapacity Benefit. This has been replaced by Employment and Support Allowance.

10.25 Those currently in receipt of Incapacity Benefit will be contacted by the DWP and their claim will be reviewed. Employment and Support Allowance will be paid provided the conditions are met. The reassessment is due to be completed during 2014.

### **Social Fund**

10.26 From April 2013 the DWP are abolishing the Social Fund and responsibility for its replacement is to be shared with Councils. The DWP will retain Budgeting Advances and Crisis Loan Alignment Payments; Councils will take over responsibility for Community Care Grants and Crisis Loans.

10.27 The DWP, in recognising that that Councils will want to design their own local provision to support the most vulnerable, will transfer funding but leave the flexibility in designing the scheme to each Council. However the Government intends that the funding is to be used to provide the new provision.

- 10.28 The Corporate Working Group is currently preparing an options paper on how this new provision may be delivered in Cheshire East from next April.

### **Current administrative arrangements within Cheshire East Council**

- 10.29 Currently both the Client Finance Team within Adults Services and the Benefits Team within Finance have staff who undertake proactive work promoting the take up of benefits and financial assistance to ensure customers have access to their full welfare benefit entitlement and provide information on the changes outlined. Both Teams have officers who visit those who are elderly or housebound to provide support in their own home.
- 10.30 These teams, along with the Housing Options team, will be raising awareness of the various reforms and providing support and advice to both current and potential claimants. In addition the Communications Team are preparing a plan to assist with promotion and awareness.
- 10.31 Adults' Client Finance Service currently offers Appointeeship and Deputyship to customers who do not have capacity to manage their own finances and at the same time welfare benefit checks are completed to ensure these customers receive the correct level of welfare benefits.
- 10.32 Advisors in Customer Services also signpost and offer assistance to customers who do not appear to be claiming their full entitlement and Library Staff also offer sign posting.
- 10.33 'Hot Spots' is a scheme involving Cheshire East Council Benefits and Private Sector Housing teams, the Fire Service and the Energy Savings Trust. The aim of the scheme is to tackle fuel poverty, to maximise income and improve health and well-being. The Hotspots card is offered to residents of Cheshire East giving them the opportunity to request assistance from any of the services. Any cards returned to the Benefits Section prompt an initial phone call to discuss benefit maximisation and if necessary a home visit to discuss the matter in depth. The cards are currently being distributed at a local project on The Moss estate in Macclesfield.
- 10.34 A new Welfare Rights Group for Cheshire East has been established, in May 2012. This involves various agencies and organisations working closely together and looks at opportunities for promoting benefits advice.

## **11.0 Access to information**

- 11.1 The background papers relating to this report can be inspected by contacting the report writer:

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