

REPORT TO: Audit and Governance Committee

MEETING DATE: 13 November 2012

BY: Executive Director (Support Services)

SUBJECT: Impact of Welfare Reform on East Lothian Council

1 PURPOSE

- 1.1 To update Audit and Governance Committee of the impact of the welfare reforms on East Lothian Council.

2 RECOMMENDATIONS

- 2.1 To note the report and that further updates on the impact of welfare reforms will be provided to the Council.

3 BACKGROUND

- 3.1 The Council has received several reports providing information on the UK Government's welfare reform agenda and the likely impact on East Lothian residents. The most recent update, 28th August 2012, provided details of the changes to the Housing Benefit and Council Tax Benefit schemes as a consequence of the Welfare Reform Act (2012) and outlined the measures the Council is taking to respond to the welfare reforms, in particular the establishment of cross-service Welfare Reform Task Group.
- 3.2 Since the last report was considered by Council further work has been undertaken to identify and contact Housing Benefit, (HB) claimants who could be exposed to a drop in their HB entitlement from April 2013 when the Government introduces the 'under occupancy changes' for Registered Social Landlord tenants (of working age). Whilst we are still waiting on size criteria data from some of our Housing Association partners we are now in a position to identify Council Tenants that are likely to be affected and have undertaken a mailing exercise to give advanced notice of these changes. Letters were sent on Thursday 1 November 2012 to 788 Council Tenants who are currently in receipt of

Housing Benefits and are currently understood to be under occupying their tenancy.

- 3.3 The letter explained that if a tenant has one or more bedrooms than their household needs the amount allowed for any rent and any service charges will be reduced by either 14% (for one room extra) or 25% (for having two or more rooms extra). 679 tenants have been advised of a potential 14% reduction, (resulting in an average of £7.51 less HB per week) and 109 have been advised of a 25% reduction, (resulting in an average of £13.46 less HB per week). Altogether this could result in a reduction of Housing Benefit awarded to Council Tenants totalling £6,567 per week, (£341,484 per annum) starting from April 2013.
- 3.4 Two leaflets were included with each letter. One gives information about the HB changes that are happening in April 2013 along with some advice about what people may want to consider and who to contact for further help or advice. The other leaflet gives more specific Housing advice about down-sizing and Community Housing contacts.
- 3.5 This mailing exercise follows an article about the changes being published in the Autumn 2012, (issue 51) of the Homefront newsletter and a similar article which is due to be published in the Council's 'Living' Newspaper on 8 November 2012.
- 3.6 Further work has also been undertaken to identify HB claimants who may be affected by the cap on welfare benefits – no one in receipt of welfare benefits is to receive more than average earnings, currently £350pw for a single person and £500pw for a couple. This work has identified 31 households currently in receipt of HB who may be affected by the cap. Of these, nine are Council Tenants, three others are clients of the Homelessness Service and two are Housing Association tenants. The remainder are currently renting from private landlords. All of these tenants will be informed of the possible reduction in their HB and will be provided with information about who to contact for further help or advice.
- 3.7 The cross-service Welfare Reform Task Group and its four working groups have been meeting regularly to develop the Council's response to the welfare reforms.
- 3.8 The Data Sharing working group is developing data sharing protocols which will build on guidance received from Department of Work and Pensions (DWP) on how information of welfare benefits recipients can be used by local authorities.
- 3.9 The Training working group has put in place a programme of briefings for staff from services that have contact with benefits recipients including community housing, adult wellbeing, children's wellbeing, MELDAP and customer services. The group is planning to develop an e-learning tool that can be used to keep staff informed of the impact of welfare reforms.
- 3.10 The Communications and Information working group has developed a communications strategy to inform the public of the likely impact of

welfare reforms through leaflets, articles in Living newspaper, targeted information to benefits recipients (see 3.4 and 3.5 above) and pages on the Council website. In addition, it is working with the Training working group to ensure that information is provided to Council staff through briefings, information on the Council's Intranet and the provision of scripts and FAQs for frontline staff. The group has also organised a half-day workshop to inform elected members, council staff, community and voluntary organisations of the welfare reforms. This will take place on 13th December (12.30pm – 4.30pm).

- 3.11 The Migration working group has been considering the business impact of the welfare reforms including establishing arrangements for the new Scottish Welfare Fund that will replace Community Care Grants and Crisis Loans in April 2013. The Scottish Government is currently circulating a national application form and revised draft guidance for comment and it is hoped that this will be finalised by the end of November 2012. Councils will then be in a better position to design/develop their services, processes and software in order to be ready to administer the fund. CoSLA has appointed a Lead Officer to help Councils with the implementation of the scheme. The Lead Officer chairs regular Practitioners Network meetings which are being attended by CoSLA, Scottish Government and Council Officers. These meetings along with quarterly stakeholder events are providing effective channels for sharing information regarding the development of the national scheme.
- 3.12 The Scottish Government has recently announced additional programme funding totalling £9.2m to top up the £23.8m due to be transferred from the DWP. Whilst the distribution of funding is still to be finalised the available information indicates that East Lothian Council can expect annual programme funding of £266,000 in respect of Community Care Grants and £123,000 in respect of Crisis Grants elements of the Fund. The amount of funding for set up costs is yet to be confirmed however it is understood that the Council will received £57,000 to cover the scheme's first year annual administration costs.
- 3.13 In considering options for the delivery of the new service the Council's Welfare Reform Task Group has established that in the short term the Council Benefits Unit is best placed to take on the administration of 'Scottish Welfare Fund'. However, it is recognised that close links will need to be forged between the Benefits Unit, Welfare Rights, Children's and Adult Wellbeing Services and the Community Housing if this assistance is to be correctly targeted.
- 3.14 The Migration working group is also undertaking a mapping exercise to establish the full extent of 'passported' services within the Council in order to establish the level of service change that may need to be considered in response to the welfare reforms.

- 3.15 The potential impact of welfare reforms is a corporate risks included in the Council's Corporate Risk Register which is to be considered by Cabinet and Audit and Governance Committee in January.

4 POLICY IMPLICATIONS

- 4.1 The impact of welfare reform in East Lothian presents a number of challenges for the Council. These include an increase in demand for some services including adult and children's wellbeing services, housing and homelessness services, free school meals and others. The Council could also be impacted by reduced levels of grant funding and a reduction of revenue income through increasing rent and rate arrears and other more broad impacts arising from the loss of income into the local economy.
- 4.2 It is important to ensure that work to minimise the impact of the welfare reform agenda and the current economic climate informs the work of the Council over the coming years. Ensuring that decisions take account of the impact they have in relation to our more deprived communities and those vulnerable to falling into poverty will be an important aspect of the Council's work as the impact of the reforms begins to affect people locally.
- 4.3 The Council may have to consider its arrangements for investigation of potential for fraud within its Council Tax Relief scheme in preparation for the DWP taking back responsibility for investigating Benefit Fraud.

5 EQUALITIES IMPACT ASSESSMENT

- 5.1 This Report is not applicable to the wellbeing of equalities groups and an Equalities Impact Assessment is not required. However, it is anticipated that welfare reforms will have a major impact on equalities groups and this impact will be monitored and taken into account when developing measures to respond to welfare reform.

6 RESOURCE IMPLICATIONS

- 6.1 Financial – Benefit claimants in East Lothian will lose an amount of direct personal benefits through welfare reform changes which will have a significant impact upon the local economy. Though it is difficult to estimate the direct impact of this on Council income and increasing demand for services, it is likely to impact significantly over coming years.
- 6.2 The report does not propose any additional expenditure. Any financial implications in relation to reduced income to the Council from loss of subsidy for administering Housing Benefits, or increased costs relating to contributions to new benefits schemes or additional staffing requirements will be reported in future update reports or relevant reports.

6.3 Personnel – The welfare reform agenda and the increasing complexity of administering both the current and new schemes will have implications on the deployment of Council staff.

6.4 Other – None

7 BACKGROUND PAPERS

7.1 The Scottish Government Reports: ‘Housing Benefit Changes’
<http://www.scotland.gov.uk/Topics/Built-Environment/Housing/supply-demand/chma/Benefitchanges>

7.2 The Scottish Government web pages on ‘The Social Fund Successor Arrangements’
<http://www.scotland.gov.uk/Topics/People/welfare/socialfund>

7.3 The DWP web pages: ‘Universal Credit – information for local authorities’
<http://www.dwp.gov.uk/local-authority-staff/universal-credit-information/>

7.4 The Scottish Local Government Forum against Poverty publication: ‘Housing in Scotland, a crisis coming?’
<http://www.scottishpovertyforum.org.uk/HousingReportv1.pdf>

7.5 Welfare Reform Update; East Lothian Council, 28th August 2012

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DATE	5 th November 2012