

SUBJECT:	WELFARE REFORM UPDATE
DIRECTORATE:	CHIEF EXECUTIVE
REPORT AUTHOR:	MARTIN WALMSLEY, HEAD OF SHARED REVENUES AND BENEFITS

1. Purpose of Report

- 1.1 To update Members on Discretionary Housing Payments expenditure, Universal Credit, Benefit Cap, and progress with our shared service's Welfare Reform Strategy Action Plan.

2. Executive Summary

- 2.1 Demand for Discretionary Housing Payments remains high. Allocated 2016/17 expenditure to the end of July 2016 is £81,095 and £51,216 for Lincoln and North Kesteven, respectively.
- 2.2 The impact of Universal Credit in Lincoln and North Kesteven remains relatively low, mainly due to the specific client group identified for this first phase. However, a recent announcement by Department for Work and Pensions has set out a revised rollout schedule running to 2022 (rather than 2021) – and there is no specific date for Lincolnshire local authorities as yet.
- 2.3 The usual update on progress with the high level action plan is provided at Appendix 1, as part of our shared service's Welfare Reform Strategy, approved by respective Executive functions of City of Lincoln and North Kesteven in April 2015.

3. Discretionary Housing Payments – Update

- 3.1 As at the end of July 2016, Discretionary Housing Payments (DHP) expenditure is as shown in the table below.

	DHP Government Grant 2016/17	£ expenditure at end July 2016	£ unallocated DHP (and %)
City of Lincoln	£173,675 (+ £26,709 unallocated monies from general fund carried-forward from 2015/16) = £200,384	£81,095 (£39,609 paid to date, £41,486 allocated)	£119,289 (59.53%)

North Kesteven	£107,514	£51,216 (£24,107 paid to date, £27,109 allocated)	£56,298 (52.36%)

3.2 The new policy is working well in terms of criteria for DHP and as things stand officers believe funding for both authorities will be utilised during the year. A backlog of outstanding applications has recently been cleared, following an influx of applications in the early part of 2016/17. Also, increased demand from November 2016 when the reduced Benefit Cap is introduced will undoubtedly put additional pressure on this limited budget. More information on the reduced Benefit Cap is given in Section 5 of this report.

4. Universal Credit

4.1 Members will be aware that the initial rollout of Universal Credit (UC) in City of Lincoln and North Kesteven started from 30th November 2015, to single customers who would have otherwise been making a claim for Jobseekers Allowance.

4.2 As anticipated, impacts in our districts has remained relatively low. The latest indicative statistics currently available from central government show that as at 9th June 2016, there were 422 people claiming Universal Credit in Lincoln, and 209 in North Kesteven.

4.3 In a national context, as at 14th July there were 303,839 Universal Credit claimants – an increase from 225,002 households claiming UC as at 10th March – an increase of 78,837 over a 4-month period.

4.4 On 21st July, the Department for Work and Pensions (DWP) wrote to local authority Chief Executives and Revenues/Benefits lead officers setting out a revised rollout timeline for Universal Credit. The key points from this announcement, being:

- The timetable of full working age UC rollout has been extended by a further year – to 2022;
- UC will be more fully expanded into more Jobcentres – with specific Jobcentres being named up to the period March 2017, of which there were no Lincolnshire sites;
- It is expected that the rest of the rollout schedule by region will be announced in time for local authorities' 2017/18 budget-setting;
- Taking on board comments made by the Public Accounts Committee and the need to ensure there is contingency within the rollout plan, the migration phase of existing recipients of legacy benefits (which would include Housing Benefit) should begin in July 2019 and complete in March 2022. (This is a delay of one year from the last announcement on legacy benefit migration);

- Where customers have more than two children, they may possibly remain in receipt of Housing Benefit and/or Tax Credits for an extended period (i.e. not be included in any further initial rollout of UC);
- Incorporating Housing Benefit for pensioners in Pension Credit will not be until completion of the Universal Credit timetable.

4.5 Although the rollout of UC remains a key risk in our shared service and provides ongoing uncertainty to some members of the team, this announcement does in effect mean that Housing Benefit is almost certain to be around until 2022 – and perhaps beyond. The announcement regarding Housing Benefit for pensioners appears somewhat at odds with a current consultation underway which proposed that Housing Benefit costs for pensioners be part of the proposed revised Business Rates retention scheme. All in all, it remains very much ‘watch this space’ – staff are aware of the announcement and will continue to be fully communicated with at all stages.

4.6 In respect of the ‘no TUPE’ announcement made in December 2015, there has been no real update since then and the associated impacts cannot be fully determined until more detail is available regarding the specific timeline for future UC rollout – and specifically for Lincoln and North Kesteven.

4.7 Work continues in terms of the Universal Support Delivered Locally (USDL) agenda, in terms of digital inclusion, personal budgeting support, employment-related projects and partnership working.

5. Reduced Benefit Cap

5.1 A reduced Benefit Cap is being introduced from 7th November 2016 – a report written by our shared service’s Welfare Reform lead officer is included as Appendix 2, giving more detail regarding the changes. Essentially, this national change will further reduce the overall Benefit Cap – to £20,000, and to £13,400 for single claimants. Early indications are that 218 customers could be affected for City of Lincoln and 64 for North Kesteven. An initial data scan from DWP has been received – with a more refined scan expected in September. Officers are proactively contacting potentially affected customers, and further communications will be issued in the lead up to introduction of the change in November.

5.2 The demand on the DHP budget could increase significantly if a proportion of those affected by the reduced Benefit Cap apply for and qualify for DHP assistance – which could quite easily surpass the grants left available. DWP took account of the Benefit Cap changes when releasing 2016/17 DHP grant figures – however officers believe the grants may fall well short of what is required for these changes and will monitor this risk very carefully in the coming months.

6. Welfare Reform Strategy Action Plan

6.1 Progress with our shared service’s ‘high level’ Welfare Reform Strategy Action Plan is to be monitored by Joint Committee, on a quarterly basis. An update on progress is provided at Appendix 1 to this report. The action plan is fluid and flexible to respond to changes in welfare reform related priorities, changes and demands.

7. Strategic Priorities

- 7.1 Protecting the poorest people in Lincoln and North Kesteven: The Benefits Service has a key role in reducing poverty and disadvantage; by ensuring residents receive the benefits they are entitled to and providing money/debt advice.

8. Organisational Impacts

- 8.1 Finance: DHP grants available for 2016/17 may not be sufficient on introduction of the reduced Benefit Cap from November 2016. Officers will monitor financial impacts of this change and flag to respective S151 officers if consideration to further funding in this area is required/ requests to DWP for further funding.
- 8.2 Legal Implications including Procurement Rules: Legal colleagues will continue to work with officers regarding any legal impacts from DWP's 'no TUPE' decision.
- 8.3 Human Resources: The 'no TUPE' announcement by DWP means there is the potential, over the next 3-5 years, for some staff to require undertaking revised roles. In cases where compulsory redundancy cannot be avoided, DWP have stated they will meet these costs. It is imperative that Council HR policies support colleagues who may become 'at risk' over the next 3-5 years.

9. Risk Implications

- 9.1 Levels of central government DHP grants have an impact on individual households in terms of affording their housing costs. Existing DHP grants may be insufficient to meet demands from the reduced Benefit Cap being introduced from November 2016.
- 9.2 Welfare reform changes will have impacts on households in the districts – regarding which the shared service will endeavour to proactively respond.
- 9.3 Due to ongoing rollout of Universal Credit, there is the potential that staff could choose to leave the service leaving key and important skills and resource gaps within the service.

10. Recommendations

- 10.1 Members note the spend position in relation to Discretionary Housing Payment expenditure up to the end of July 2016.
- 10.2 Members note the update provided in relation to Universal Credit.
- 10.3 Members note the update provided in relation to Benefit Cap.
- 10.4 Members note progress with the Welfare Reform Strategy Action Plan.

Is this a key decision?

~~Yes/No~~

Do the exempt information categories apply?

~~Yes/No~~

Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?

~~Yes/No~~

How many appendices does the report contain?

Appendix 1: Welfare Reform Strategy Action Plan update

Appendix 2: Benefit Cap report

List of Background Papers:

None

Lead Officer:

Martin Walmsley, Head of Shared Revenues and Benefits
Telephone (01522) 873597