

<b>SUBJECT:</b>	<b>WELFARE REFORM UPDATE</b>
<b>DIRECTORATE:</b>	<b>CHIEF EXECUTIVE</b>
<b>REPORT AUTHOR:</b>	<b>ROB KAY, WELFARE REFORM AND PROJECT OFFICER</b>

## **1. Purpose of Report**

- 1.1 To update Members on progress with our shared service's Welfare Reform Strategy Action Plan.

## **2. Executive Summary**

- 2.1 Universal Credit in Lincoln and North Kesteven has been under the 'Live' Universal Credit scheme since 30<sup>th</sup> November 2015 and take up within the areas is still relatively low, mainly due to the specific client group identified for this first phase. However, recent announcements by Department for Work and Pensions set out a revised rollout schedule running to 2022 (rather than 2021) – with Lincoln Jobcentre and Sleaford Jobcentre moving to 'Full Service' Universal Credit from 7<sup>th</sup> March 2018 and 14<sup>th</sup> November 2018 respectively.
- 2.2 An update on progress with high level action plans for Welfare Reform is provided at **Appendix 1**, as part of our shared service's Welfare Reform Strategy with a separate report for Universal Credit also on this Committee's Agenda.

## **3. Updates on 2017/18 Welfare Reforms**

### **3.1 Restrictions on Amounts for Children and Qualifying Young Persons**

On 18 August 2017, Child Poverty Action Group (CPAG) issued a claim for judicial review in the High Court against the Secretary of State for Work and Pensions (SSWP) to challenge the two child limit, introduced by the Welfare Reform and Work Act 2016. Permission was granted on 17 October 2017 and the case will now go forward to a full hearing on 6 and 7 February 2018. A verbal update will be provided on 20<sup>th</sup> February.

### **3.2 Change in Hardship Payments for mentally ill and homeless**

The government proposed that hardship payments (of 60% of the benefit amount) be automatically payable to jobseekers who are mentally ill or homeless when they are sanctioned. These customers currently have to wait two weeks before they can apply for hardship payments when they have been sanctioned, and may be refused. The proposal means to add them to the group of vulnerable people who can apply for hardship payments immediately (such as claimants with children or long-term health problems). The date of this change is yet to be announced.

## **4. Welfare Reforms from April 2018**

### **4.1 Support for Mortgage Interest (SMI) payments**

From 6 April 2018, Support for Mortgage Interest will no longer exist as a benefit for new or existing claimants. Claimants will instead be invited to apply for a loan if they want to continue to be supported. Loans will be repaid upon the sale of a claimant's house; or on a claimant's return to work if the borrower can afford it.

### **4.2 Employer Childcare Vouchers will no longer be available to new claimants**

New claims for Employer Supported Childcare (Childcare Vouchers) will not be accepted from April 2018. Existing claims will continue until the child is 15 years old (or 16 years old if disabled) or the claimant starts claiming under another scheme (Childcare element of Working Tax Credit, Childcare element of Universal Credit or Tax Free Childcare), whichever is earliest.

### **4.3 Self-Employed National Insurance Contributions change**

The government announced in the Budget 2016 that from April 2018, self-employed people will no longer pay Class 2 National Insurance Contributions, which currently count towards entitlement to contributory benefits such as New State Pension. Clarification is awaited regarding how Class 4 National Insurance Contributions will count towards contributory benefit entitlement.

The proposed increase in the rate of Class 4 National Insurance Contributions announced by the Chancellor in the Spring Budget 2017 has now been reversed. There will be no increases to Class 4 National Insurance Contributions during the current Parliament.

## **5. Welfare Reform Strategy Action Plan**

5.1 Progress with our shared service's 'high level' Welfare Reform Strategy Action Plan and Universal Credit Preparation Plan is monitored by Joint Committee, on a quarterly basis. An update on progress of both plans are provided at **Appendix 1** to this report and also as part of a separate Universal Credit report on this Committee's Agenda. The action plan is fluid and flexible to respond to changes in welfare reform related priorities, changes and demands.

## **6. Strategic Priorities**

6.1 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.

## **7. Organisational Impacts**

7.1 Finance: Universal Credit customers will be paid direct Housing Costs, meaning Housing staff, for the first time will need to collect money from tenants who would have had their Housing Benefit paid direct to the rent account. This will increase workload and decrease 'guaranteed' income.

The ability to collect overpayments from ongoing entitlement, meaning recovery staff have move accounts to chase to ensure payment.

Increased recovery work for collecting Council Tax due to the increased number of changes expected for Universal Credit customers – these could be monthly as and when income changes.

7.2 Legal Implications including Procurement Rules: There are no direct Legal or Procurement implications arising from this report.

## 8. Risk Implications

8.1 Reduced Welfare, delays in payment, rent increases, digital by default. This could result in potential hardship for residents and additional duties for staff.

8.2 Welfare reform changes will have impacts on households in the districts – regarding which the shared service will endeavour to proactively respond.

8.3 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.

## 9. Recommendations

9.1 Members note progress with the Welfare Reform Strategy Action Plan.

9.2 To provide members with an update report on 12<sup>th</sup> June 2018.

**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

**List of Background Papers:** None

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