

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Finance and Staffing Portfolio Holder

20 September 2011

AUTHOR/S: Executive Director (Operational Services) / Benefits Manager

WELFARE REFORM

Purpose

1. To advise the Portfolio Holder of the progress of the welfare reform bill through parliament and the impact of the proposals with regard to service provision.
2. This is not a key decision

Recommendations

3. To note the contents of the report including the implications for the Council.
4. To delegate the response to the "Consultation for Localising Support for Council Tax in England" to Housing Benefit Manager in consultation with Executive Director Corporate Services and Finance and Staffing Portfolio Holder.

Reasons for Recommendations

5. The consultation response needs to be completed by the 14 October 2011, the Benefits Manager and Executive Director Corporate Services are currently consulting with professional organisations, Local Authority peers and software suppliers. It is considered prudent to complete these consultations before formalising the council's response.

Background

6. The Government announced in both the June 2010 Budget and the Spending Review in November 2010 that there would be a significant number of changes to welfare benefits. The main aim of the reforms was to reduce the welfare budget which has seen significant growth over the last few years.
7. There have been some significant changes to Local Housing Allowance (LHA) which have seen the amounts of benefit paid restricted; these restrictions will see significant numbers of residents in South Cambridgeshire unable to afford to rent in the private sector. The full impact of the restrictions has not yet been felt as the majority of current claimants have received transitional protection until 2012.
8. The welfare reform bill is in process of making its way through parliament and many of the proposals outlined have not yet been laid as legislation.

Legislation Laid

9. The main changes to LHA were laid before parliament on 30 November 2010 and the legislation was effective from 1 April 2011 although complex transitional arrangements apply to current claimants this means that the effect of changes will not be felt in the main until 2012.

10. The legislation which restricts the majority of single claimants to a benefit based on shared room rate was amended from applying to those under 25 years old to those under 35 years old, the amendment was laid before parliament on 19 July 2011. The change to legislation is effective from January 2012.
11. There are currently 72 cases within South Cambridgeshire who will be affected by the change of age for shared accommodation rate. These residents have been notified of the changes and the housing benefits team will work together with the Homeless and Housing Advice to help these residents.

Localized Council Tax Benefit -Consultation

12. The Government has proposed as part of the welfare reform that Council Tax Benefit would be localised from 2013/14 and that the cost of Council tax benefit would be reduced by 10%.
13. The total amount of Council Tax Benefit awarded to residents in South Cambridgeshire in 2010/11 was £6.03Million and for 2012/13 it is estimated to be £6.3 Million, a 10% reduction in Council Tax Benefit cost in 2013/14 is likely to reduced benefit paid to South Cambridgeshire residents by £650,000 at least.
14. A Consultation paper has now been issued (Appendix A) which sets out the broad parameters set by the government which will need to be taken into account when developing a local council tax scheme.
15. The broad parameters are:-
 - i. Pensioners who receive council tax benefit are protected and there will be no changes to the current scheme.
 - ii. Localised Council tax benefit should support incentives to work
 - iii. Local Authorities should support other vulnerable groups
16. The benefits manager has analysed the age and income of those customers who currently receive council tax benefit as shown below:-

Age of resident	Number of residents claiming Council Tax Benefit	Percentage of total residents claiming Council Tax Benefit
Pension Age	3555	54%
Working Age	3051	46%
Total	6606	

Working Age residents receiving Council Tax Benefit	Pass-ported* Benefit – Income related benefits	Non Pass-ported Council Tax Benefit based on low income
Number	1743	1308
Percentage of Council tax Claimants	26%	20%

*Pass-ported income cases are residents who receive benefits from the Department of Works and Pension to top up their income as their income is low these benefits could be Job Seekers allowance, Employment Support Allowance or Income Support.

17. When looking at the number of residents who are pensioners compared to the number of residents who are working age and the amount of council tax benefit there are some stark realities which are apparent when looking at how we could achieve the 10% reduction in Council Tax Benefit expenditure.
18. The Benefit manager has carried out some financial modelling looking at models to achieve the 10% saving required from the Working age caseload which include:-
- i. A across the board percentage reduction to working age claimants of council tax benefit would mean all claimants including those on pass-ported income would need to have a reduction to their Council tax benefit of at least 21% to achieve the savings required.
 - ii. If those residents who are working age and receive pass-ported benefit were excluded from a reduction to Council tax benefit the remainder of claimants would need to have a reduction to their Council Tax benefit of at least 58% to achieve the savings required.
19. The consultation paper (**Appendix A**) includes a large number of consultation questions (Page 50); detailed work as well as consultation with others is currently being undertaken to ensure that response reflects the issues for South Cambridgeshire residents and the Council.

Options

20. The options are limited but responding to the consultation will allow the views of South Cambridgeshire to be considered when policy for localised council tax support

Implications

21.	Financial	The financial impacts of the possible changes to council tax benefit are that residents will lose in the region of £650,000 a year in benefit. The ongoing costs of providing the localized council tax benefit are not yet known.
	Legal	None
	Staffing	None
	Risk Management	The Welfare reform is included with the strategic risk register. Officers are currently consulting with professional organisations and peers in other authorities as well as software suppliers as part of the process.
	Equality and Diversity	The impact of Localised council tax benefit cannot be fully assessed; until scheme is finalised but impact will be assessed as part of the scheme design
	Equality Impact Assessment completed	No Department of Works and Pension have completed an equality impact assessment
	Climate Change	None

Consultations

22. None.

Consultation with children/young people

23. None.

Conclusions / Summary

24. The legislative changes to Local Housing Allowance will mean that affordable accommodation is more difficult to obtain for residents in South Cambridgeshire who need to claim Housing Benefit.
25. The Response to the consultation paper "Localising Support for Council Tax in England" will allow the views of South Cambridgeshire District Council to be considered by the Department of Communities and Local Government. The response may influence the final design of the policy.

Background Papers: the following background papers were used in the preparation of this report:

Statutory Instrument 1736 of 2011-The Housing Benefit (Amendment) Regulations 2011
Localising Support for Council Tax Benefit in England (Appendix A)

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