

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Finance and Staffing Portfolio Holder
AUTHOR/S: Executive Director (Corporate Services)

20 December 2011

WELFARE REFORM

Purpose

1. To advise and update 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.

Background

4. 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 reform was to reduce the welfare budget which has seen significant growth over the last few years.
5. The Welfare Reform is in the process of making its way through parliament and therefore all the proposals outlined have yet to be laid as legislation.
6. The Welfare Reform Bill is now at the report stage in the Lords and it is extremely unlikely that the bill will receive Royal Assent prior to the Christmas recess as the Bill still needs to move on to the third reading in the Lords, followed by consideration of any amendments before Royal Assent.

Impact of Proposals

7. **Single Fraud Investigation Service (SFIS)**

Consultation has now ended with regard for options for the inclusion of Local Authority Benefit Fraud Teams into SFIS. The outcome of the consultation has now been published and in broad terms will mean that fraud teams will remain with Local Authorities until 31 March 2015. This arrangement will mean the fraud team at South Cambs will operate under SFIS powers, policies, processes and priorities from 2013, and allows SFIS to work with local authorities to provide a consistent approach until options can be established for the long term future of fraud, post 2015.

8. **Social Housing Size restriction**

The Government have proposed to restrict the amount of Housing Benefit to tenants from April 2013 who are working age and renting a property from a social landlord which is deemed to be too large.

The size criteria proposed is for each Housing Benefit claim is one bedroom is allowed for-

- Every adult couple

- Every other adult who is not part of a couple
- Any other adult aged 16 or over
- Any two children of the same sex
- Any two children aged under 10 regardless of their sex
- Any other child

The benefits manager has undertaken some work to establish the impact of these proposed changes on tenants of the council's own properties.

Impact of changes

South Cambridgeshire District Council Tenants

9. There are currently in the region of 5800 council properties of which just over 50% receive housing benefit. There are 1100 tenants who are of working age and receive benefit, and around 450 of these tenants will currently be affected by the changes.
10. The current information available suggested that those over-accommodated by one bedroom will have housing benefit based on rents reduced between 10 and 15% and those who are over-accommodated by two bedrooms or more will have housing benefit based on rents which have been reduced by 20 and 25%. An estimate has been prepared of the financial impact as detailed. **Appendix A** attached shows information relating over accommodation in more detail.

Average weekly loss in Benefit

Currently	10%	15%	20%	25%
Over-accommodated 1 bedroom (383)	£8.64	£12.96	-	-
Over- accommodated 2 bedrooms or more (67)	-	-	£17.30	£21.62

Estimate 2013-2014	10%	15%	20%	25%
Over-accommodated 1 bedroom (383)	£9.90	£14.84	-	-
Over- accommodated 2 bedrooms or more (67)	-	-	£19.80	£24.76

Reduction based on estimated rents for 2013/14

	Weekly	Annual
Best Case	£5117.44	£266106.62
Worse Case	£7344.38	£381907.91

Social Tenants excluding SCDC tenants

11. There are around 1250 residents who occupy housing provided by social landlords who may be affected by the change. The impact of the changes is currently being assessed and will reported at the next meeting.

Implications

12. Financial	The Financial impact of the changes has been identified that tenants could pay an additional £381,907.91 towards their rent in 2013/14 based on current proposals.
Legal	None
Staffing	There may additional staff pressures due the collection of rent from those residents who are on low income and have previous not paid rent or very little rent.
Risk Management	The welfare reform is included within the corporate risk register; the Benefits Manager is working with a number of officers within the authority with regard to the impact.
Equality and Diversity	The impact of the changes cannot be fully identified for South Cambridgeshire as yet although the Department of Work and Pensions and completed equality impact assessments
Equality Impact Assessment completed	No Department of Work and Pensions have completed equality impact assessments
Climate Change	None

Consultations

13. None.

Consultation with Children and Young People

14. None

Conclusions / Summary

15. The proposed changes with regard to size of properties will have a significant affect on the working age tenants of South Cambridgeshire.
16. There may be significant changes needed to the letting policies of both South Cambridgeshire District Council and other partners to accommodate the changes proposed.
17. The Council will have significant challenges to provide appropriately sized accommodation due to the composition of the stock.

Background Papers: the following background papers were used in the preparation of this report:
None

Contact Officer: Dawn Graham - Benefits Manager
Telephone: (01954) 713085