

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Finance and Staffing Portfolio Holder

21 February 2012

AUTHOR/S: Executive Director (Corporate Service) / Benefits Manager

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 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 the 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 is 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 not all the proposals outlined have been laid yet as legislation.
6. The welfare reform bill is at the stage of "Ping Pong" where amendments are being considered the House of Commons and the House of Lords. It is hoped that the Bill could get Royal Assent by the spring.

Impact of Proposals

Benefit Cap-April 2013

7. The Impact of the implementation of the proposed Benefit Cap of £500 weekly has been investigated there are a total of 8 families in South Cambridgeshire who would be impacted by this cap if child benefit is included as income. However the exclusion of child benefit as proposed by the Lords would mean that no families in South Cambridgeshire would be affected.

Localised Council Tax Benefit - Impact Assessment

8. The Department of Communities and Local Government (DCLG) has issued an impact assessment based on the national position. DCLG have provided some worked examples based on the national picture; these worked examples have been applied to South Cambridgeshire as shown at **Appendix A**.
9. ***Claimants of Benefit***
 - There are nationally 4.9 Million claimants of Council tax benefit, and currently 6686 Claimants within South Cambridgeshire. The national position reflects that there is 62% of claimants who are working age and 38% of claimants who are of pension age. This picture is radically different in South

Cambridgeshire where 44.81% of claimants who are working age and 55.19% who are pension age.

Worked Examples

- **10% reduction for all claimants**
The worked example for the 10% reduction clearly shows that the reduction Council Tax Benefit for South Cambridgeshire residents will be at a higher than average level compared with the national picture.
- **16% reduction for Working Age claimants Scenario 1**
The worked example from DCLG would on a national basis achieve the overall savings of 10 % required; however due to the demographic makeup of the claimants in South Cambridgeshire a reduction of 22.5% would be required to meet the savings target
- **Increase in Income taper from 20% to 25% Scenario 2**
The worked examples shows that this scheme will not achieve the savings required for South Cambridgeshire but would affect single claimants with no children.
- **Simple Earnings based stepped scheme Scenario 3**
The worked example based on South Cambridgeshire's claimant base may show that the scheme it is easy to administer but likely that the scheme would only achieve a small proportion of savings required.

10. All of these schemes will have other factors which need to be considered and these will be part of the options appraisal for scheme which will be developed for South Cambridgeshire.

- **The relative share of working age to pension age claims.** The numbers of pensioners who will be protected from a reduction in support in South Cambridgeshire is higher than the national average. This means that working age claimants will be have higher cuts in council tax benefit than average which is 16%, the worked example for South Cambridgeshire shows that a 22.5% cut would be required.
- **The existence of other vulnerable groups amongst working age claimants:** The Council will need to decide which vulnerable groups it wishes to protect from reductions.
- **The increased difficulty with collection from those with low income:** The design of the scheme will need to take into account the difficulties of collection of council tax from those on low income and the risk of collection rate reduction.
- **Work Incentives:** The design of scheme should preserve the incentives to work or increase earnings.
- **Simplicity:** The design of scheme should make the administration easy for both the council and claimants although this may be difficult to achieve within the financial constraints of the new scheme.
- **Transparency:** Local Authorities want to design schemes which will be easily understood; in reality this will be difficult to achieve.

11.	Financial	The Financial impact of localised Council Tax Benefit will see working age claimants in South Cambridgeshire paying significant amounts towards the Council Tax
	Legal	None
	Staffing	There may be additional staff pressures due to the collect of additional council tax from those with limited means following the introduction of localised support for council tax. The benefits team will have additional pressures with changes to the administration and the anticipated additional customer contact
	Risk Management	The welfare reform is included within the corporate risk register; the Benefits Manager is working with a number of officers with regard to the impact.
	Equality and Diversity	The impact of changes cannot be fully identified at this stage for South Cambridgeshire although the Department of works and Pension and the Department of Communities and Local Government have completed equality impact assessments.
	Equality Impact Assessment completed	No Department of works and Pension and the Department of Communities and Local Government have completed equality impact assessments
	Climate Change	None

Consultations

12. None

Consultation with Children and Young People

13. None

Conclusions / Summary

14. The introduction of Capped Benefit payments will have little or no impact on the residents of South Cambridgeshire due to the small numbers and the potential change to the original proposals.
15. Localisation of Council Tax Benefit will provide South Cambridgeshire a significant challenge due to the demographic makeup of those claiming Council Tax Benefit.
16. The challenge to South Cambridgeshire will be to provide a scheme which can be relatively easy to administer, easy for residents to claim and understand and yet affordable

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

Local Government Finance Bill:
Localising support for council tax
Impact Assessment

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