

Appendix B

Context

Wider Welfare Reform

The provisions for the replacement of Council Tax Benefit are a part of the Governments wider Welfare Reform Programme. The table below describes the changes, and the legislative timetable of the changes. The provisions in the Welfare Reform Act 2012 are expected to reduce spending on welfare benefits nationally by £24billion; on 21st March 2012 the chancellor announced that a further £10billion reduction in benefit spending would be made in 2016/17.

This mean individuals and families in the City who rely on the welfare state will tend to see a reduction in their overall income followed by a transition to a scheme with higher levels of conditionality.

These changes mean the Council will be required to alter the way it delivers some current services and will need to create new delivery models for council tax support and community care grants and crisis loans. There will be knock on effects on Council services including revenues and benefits, council housing rents, temporary accommodation and adult social care which rely in part on direct or indirect funding from current welfare benefit provisions. There will also be implications for the City more widely in terms of financial inclusion, access to affordable accommodation and increasing demand on advice and voluntary services.

These issues will be addressed by a Welfare Reform Project Board and programme, Chaired by the Strategic Director for Resources, as part of this appropriate City consultation will take place. A key part of this consultation will be to take advice on other risks which have not been identified yet, to advice on communications and mitigations and to provide opinion on priority.

| Key milestone | Council Tax | | Housing Benefit Changes | | | | | Universal Credit | | | | |
|---|---|---|-----------------------------------|--|--|--|-------------------------|---|--|--|--|--|
| | Local council tax support | Council tax discounts | LHA rate changes / non dependents | Room restrictions – social tenants | Direct payments – social tenants | £26k cap | Supported Housing | Working age transfer | Pensioner transfer | Administration of face to face services | Administering complimentary means testing in LA Including Social Fund replacement | |
| Proposal | | | | | | | | | | | | |
| Effective date | 1 April 2013 | 1 April 2013 | Ongoing to January 2013 | 1 April 2013 | 1 October 2013 | 1 April 2013 | 1 April 2013 | April 2014 – March 2017 | 2015 to 2017 | October 2013 onwards | April 2013 | |
| Government consultation | Complete | Complete | Complete | Complete | Complete | Complete | Scheme in development | Scheme in development – Valerie Pearce LGA representation | Scheme in development – Graham Bourne LGA representation | Nature of local authority involvement being determined – Valerie Pearce LGA representation | Nature of local authority involvement being determined – Valerie Pearce LGA representation | |
| Government consultation response | Principle - December 2012 Detail – Spring 2012 | Principle - December 2012 | Complete | House of Commons to overturn Lords amendments? | House of Commons to overturn Lords amendments? | House of Commons to overturn Lords amendments? | | | | | | |
| Primary legislation | Local Government Finance Bill – through committee stage 310112 awaiting 3 rd reading in house of commons | Local Government Finance Bill – through committee stage 310112 awaiting 3 rd reading in house of commons | Complete | Welfare Reform Act 2012 | Welfare Reform Act 2012 | Welfare Reform Act 2012 | Welfare Reform Act 2012 | Welfare Reform Act 2012 | Welfare Reform Act 2012 | | Welfare Reform Act 2012 | |
| Secondary legislation | Only very basic framework in primary. Details required to effectively determine scheme scheduled for secondary in Autumn. | All laid out in primary? – unsure whether any secondary detail is required | | All laid out in primary? – unsure whether any secondary detail is required | All laid out in primary? – unsure whether any secondary detail is required | All laid out in primary? – unsure whether any secondary detail is required | Details in secondary | Details in secondary | Details in secondary | Will require some secondary provision | | |

| | Council Tax | | Housing Benefit Changes | | | | | Universal Credit | | | |
|-------------------|--|---|---|--|--|---|--|---|---|---|--|
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| Summary of impact | Reduced funding and transfer to locally defined scheme | Local flexibility over selected range of exemptions and discounts | Squeeze on rates to effectively reduce benefit budget | Over accommodated social sector tenants to have benefit restricted | Social sector tenants to receive benefit payments instead of landlords – phased introduction | Upper limit to cumulative welfare benefit total paid to a household | Separate mechanism with housing cost benefit administration remaining with LAs | Arrangements for transition of housing cost benefits onto universal credit | Arrangements for transition of housing cost benefits onto universal credit | Although majority of customer interface is planned to be web based. Suitable arrangements need to be in place for other demand. | Council needs to develop strategy for optimum delivery of administrative responsibilities linked to or complementary to UC awards. |
| Summary of Risk | As set out in main body of report. | As set out in main body of report. | Affordability and homelessness | Affordability and availability of suitable alternatives, collection impact | Rent arrears and financial vulnerability. Potential significant impact on rent collection | Large families disadvantaged or displaced | Insufficient financial support for most vulnerable customers | Potential for significant administrative problems, backlogs and delays leading to individual cases of hardship. | Potential for significant administrative problems, backlogs and delays leading to individual cases of hardship. | Demand exceeding expectation. Pressure on service with resource and financial implications. | Inefficient and high cost administration. Poor services and added resource and financial pressure. |