

IMPACT OF WELFARE REFORM IN COPELAND

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WHAT BENEFITS WILL THESE PROPOSALS BRING TO COPELAND RESIDENTS?

Changes in the system of welfare benefits are taking place. This report provides some initial insight into these changes and proposes that the impact of such changes are monitored so that public services can, where possible and appropriate, respond.

WHY HAS THIS REPORT COME TO THE EXECUTIVE?

Significant changes are taking place in welfare benefits and these changes are affecting some residents within Copeland. This report provides some initial insight into these changes and how public services are responding in Copeland.

RECOMMENDATIONS:

That the Executive receives periodic reports in order to continue to monitor the impact of welfare reform in Copeland

1. Introduction

- 1.1 *Welfare Reform* is a key aspect of Government policy and has been described as the largest reform of the benefits system since the 1940's and aims to reduce the benefits bill by £18bn by 2015. The programme of welfare reform consists of a wide range of inter-related changes which are being introduced over time. Some of these measures are being introduced following learning from a number of pilots taking place throughout the Country.
- 1.2 This report provides some initial insight into how the first of these changes are taking shape within Copeland. This includes the introduction of: under-occupancy charge; and the benefit cap. Other changes are also taking place and as these progress, it is recommended that the Executive receive further reports.

2. Changes to benefits

- 2.1 One of the first changes to take place is to housing benefit with the introduction of the under-occupancy charge. For those residents considered to be under-occupying their current property, an under-occupancy charge of 14% for one additional bedroom and 25% for two or more additional bedrooms has been introduced.
- 2.2 Within Copeland there are 1,592 such cases. For those affected by these changes, there are a small number of potential courses of action available to them. This includes but is not limited to moving out of the property and finding somewhere smaller to live or paying the under-occupancy charge out of their existing incomes. Some households affected by the under-occupancy charge have chosen to apply for help to the Discretionary Housing Payments (DHP) fund. In March – May 2013 there were 154 applications for DHP. This compares with 19 applications for the same period in 2012. DHP is a limited fund and as such does not provide a long term solution for residents struggling to meet additional housing costs in the long term.
- 2.3 As residents make changes in response to the introduction of the under-occupancy charge, changes in the way our social rented and private rented housing stock is being used and demands on our statutory housing service are already taking place. Some emergent trends reported by our housing service and largest social housing landlord are an:
- Increase in 3 bed voids
 - Increase in rent arrears (approx.: 1%)
 - Increase in length of stay in temporary accommodation if homeless due to 1 or 2 bed property availability
 - Increase in numbers seeking advice from our housing service
- 2.4 As well as implementing the under-occupancy charge through the administration of Housing Benefit, the Revenues and Benefits Service are preparing for the introduction of the Benefit Cap from the 15 July. There are 25 potential cases identified within Copeland. Decision notices will be staggered over a 5 week period.

2.5 Looking further ahead, Universal Credit, a single monthly payment paid direct to a member of a household, will be introduced on a gradual roll out basis. Universal Credit is designed to be a single system means –tested benefit for working age people in or out of work. It is designed to make work pay, with financial support being reduced at a consistent and predictable rate with recipients generally keeping a higher proportion of their earnings. The intention is also that Universal Credit will be ‘digital by default’ with residents applying for and updating their accounts on-line.

2.6 This change in how benefits are both designed and administered has a number of potential implications for residents and how public services are delivered. These include, for example:

- Placing a much greater emphasis on households being able to budget effectively and potentially manage one monthly income;
- Being supported to actively seek work; and
- Ensuring residents are confident and competent on-line to ensure that that they can apply for Universal Credit simply and easily.

2.7 Whilst Copeland benefits from: Credit Unions; advisory services such as CAB; and internet access points, we will need to ensure that the profile of these are maintained in all our communities; that they remain accessible to those that need them and that within our partnerships, we are able to commission additional services or develop new ways of working in order to fill gaps. Specific changes are already underway within the Council to improve the way residents access services and ensure that they are digitally included going forward. This includes the promotion of accessing services on-line and the remodeling of customer face to face access points to include technology and provide the best advice in comfortable and confidential surroundings.

2.8 In summary, we need to ensure that all our residents are:

- Financially included
- Digitally included

4. CONCLUSIONS

4.1 Welfare reform is a programme of inter-related changes that are being implemented over several years. The impact of changes on both residents and local services will be monitored.

5. STATUTORY OFFICER COMMENTS

- 5.1 The Monitoring Officer's comments are: No legal issues arise from the report or the proposed decision.
- 5.2 The Section 151 Officer's comments are: It is important that we continue to promote and sign post the services and partnerships that exist within Copeland to assist our affected residents
- 5.3 EIA Comments: Any additional services commissioned or changes in the way local services are designed and delivered will be subject to an equality impact assessment.
- 5.4 Policy Framework: The potential impacts of welfare reform and helping residents adapt to the changes, is reflected in the Council's corporate policy framework. This includes supporting and leading the digitalisation of local services and working with others to ensure that residents are digitally included.
- 5.5 Other consultee comments, if any: None.

6. HOW WILL THE PROPOSALS BE PROJECT MANAGED AND HOW ARE THE RISKS GOING TO BE MANAGED?

- 6.1 The impacts of welfare reform are monitored locally through key front line services and partnerships. At County level, the Cumbria Welfare Reform Task Group has also been established to help understand the potential impacts of welfare reform and co-ordinate a multi-agency response.

7. WHAT MEASURABLE OUTCOMES OR OUTPUTS WILL ARISE FROM THIS REPORT?

- 7.1 We will continue to monitor the number of residents affected by reform to welfare benefits and the take up of associated services.