

By: Angela Slaven, Customer and Communities Directorate,
Service Improvement.
To: Supporting People Commissioning Body, 23 January 2013
Subject: Welfare Reform Overview
Classification: Unrestricted

Summary

This paper gives an overview of the forthcoming changes due to be implemented in the progressing of welfare reform.

1. Introduction

1(1) On 8 March 2012 the Welfare Reform Act received Royal Assent. The Act introduces a wide range of reforms to make the benefits and tax credits system fairer and simpler by:

- creating the right incentives to get more people into work
- protecting the most vulnerable in our society
- delivering fairness to those claiming benefit and to the tax payer.

1(2) The main elements of the Act are:

- the introduction of Universal Credit to provide a single streamlined payment
- a stronger approach to reducing fraud and error with tougher penalties for the most serious offences
- a new claimant commitment showing clearly what is expected of claimants while giving protection to those with the greatest needs
- reforms to Disability Living Allowance, through the introduction of the Personal Independence Payment
- creating a fairer approach to Housing Benefit to bring stability to the market and improve incentives to work
- driving out abuse of the Social Fund system by giving greater power to local authorities
- reforming Employment and Support Allowance to ensure that help goes to those with the greatest need
- changes to support a new system of child support

2. A summary of the changes so far

- 2(1) **Local Housing Allowance (LHA) April 2011** – the maximum amount of housing benefit paid to people in private rented tenancies whose income is too low to meet the costs of their rent.
- 2(2) **LHA Shared Room rates January 2012** – the amount of LHA that single people between 25 and 34 can claim is capped to the LHA rate equal to that of someone renting a room in a shared house.
- 2(3) **Employment Support Allowance April 2012** – this benefit becomes time-limited for those who are deemed able to work and a sanctions regime is introduced from December 2012.

3. A summary of the changes to come

- 3(1) **April 2013 Underoccupation rule in Housing Benefit** – A reduction of up to 25% in housing benefit will apply if tenants are underoccupying their property. Restrictions will apply to council and housing association tenants who claim housing benefit to allow for one bedroom for each person or couple living as part of the household, with the following exceptions:
 - Children under 16 of same gender expected to share
 - Children under 10 expected to share regardless of gender
 - Disabled tenant or partner who needs non resident overnight carer will be allowed an extra bedroom
- 3(2) **April 2013 Localised Council Tax Support schemes**
Councils will replace council tax benefit with local Council Tax Support schemes for working age claimants. Government funding for the schemes will be cut by 10% nationally. A national scheme will be implemented for pensioners.
- 3(3) **April 2013 – Disability Living Allowance (DLA) becomes Personal Independence Payment (PIP)**
Disability Living Allowance will be replaced for people of working age with the new Personal Independence Payment. All new and exiting claimants will be subject to a medical assessment to determine their entitlement. It is expected that people of working age in receipt of DLA will be transferred to PIP by 2016.
- 3(4) **October 2013 Universal credit** - all claimants will be migrated by late 2017
Universal credit will become the main means tested benefit for people of working age, replacing the current housing benefit, income support, income related Employment and Support Allowance (ESA), Income-based Job Seeker's Allowance, Working Tax Credit and Child Tax Credit. The introduction of this benefit aims to simplify systems for claimants and to

replicate the way people are paid and manage money when they are in work by merging into a single monthly household payment. Most working-age claimants will no longer be able to choose to have the Housing Benefit component paid directly to their landlord, instead receiving it personally as part of their monthly payment. All claimants will be migrated to the new arrangements by late 2017.

3(5) October 2013 - Total benefit cap – roll out

From October 2013 there will be a phased implementation of a cap on the overall limit on the amount of benefit payable to people of working age to

- £26,000 per year (£500 per week) for couples and lone parents and
- £350 per week for single person households. There is no Benefit Cap on older person's benefits.

The Benefit Cap will first be applied in four local authorities in the London area. The cap will not apply to households that are in receipt of disability benefits working tax credit or war widows pensions. The cap will be applied by first reducing any Housing Benefit and then from out of work benefits.

3(6) April 2013 – Discretionary Social Fund Localisation

From April 2013, Community Care Grants and Crisis Loans will be abolished. Some money will be allocated to local authorities to provide a local scheme.

4 Housing related support and welfare reform.

- 4(1) It is likely that the existing recipients of housing related support services will be affected by the reforms outlined, to which support providers are well placed to provide this short term assistance to those who are multiple impacted by the strands of the reform as they are skilled in dealing with welfare benefit enquiries, with excellent links to local private landlords, local authority benefit departments and DWP job centre plus.
- 4(3) Commissioned services are already involved in the commissioning of a localised welfare solution to discretionary social fund applicants.
- 4(4) Using links to the Kent Housing Group Welfare Reform Subgroup, Commissioned Services will maintain a watching briefing on the impact of welfare reform.

5. Conclusion

- 5(1) A great deal of welfare reform is due to be implemented from April 2013.
- 5(2) Commissioned Services will utilise the established links it has with local DWP Partnership managers, providers and the Kent Housing Group Welfare

Reform Group to observe trends and report back to Commissioning Body as necessary.

Recommendations

- **The Commissioning Body is asked to note the report.**

Contact details –

Mel Anthony

Commissioning & Development Manager

01622 694937

Melanie.Anthony@kent.gov.uk