

**Report for:** Overview and Scrutiny Committee – 30<sup>th</sup> November 2015

**Item number:** 8

**Title:** Impact of Welfare Reform

**Report authorised by :** Tracie Evans, Chief Operating Officer

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**Ward(s) affected:** All

**Report for Key/  
Non Key Decision:** Report for non-key decision

## **1. Describe the issue under consideration**

- 1.1 The Overview and Scrutiny Committee have asked for an update on the Councils preparedness for the rollout of Universal Credit in Haringey.
- 1.2 In addition the Committee has asked for an update on the impact of the Benefit Cap and proposed government changes to the rate at which the Benefit Cap is set.

## **2. Cabinet Member Introduction**

N/A

## **3. Recommendations**

- 3.1 That the Overview and Scrutiny Committee note the contents of this report.

## **4. Reasons for decision**

- 4.1 No decision is required at this time.

## **5. Alternative Options Considered**

- 5.1 N/A

## **6. Background Information**

### **The Council's overall approach to welfare reform**

- 6.1 The Welfare Reform and Work Bill (2015) makes major changes to welfare provision which are due to roll out between April 2016 and April 2018. These changes will have a significant impact on the incomes of some of our most vulnerable residents and are likely to impact on demand across a number of

Council services. A Welfare and Benefits Working Group chaired by Tracie Evans and comprising key Council Officers from policy, housing, economic development, social care, and the shared service centre has been set up to oversee the work being done across the Council on all Welfare Reform matters.

- 6.2 As part of an overall strategy for considering the impact of welfare reform, the Council has commissioned the Welfare Reform Club to complete a study to identify the impact of welfare reform changes on the borough's residents. The study will look at the cumulative impact of all forthcoming welfare changes, including the roll out of Universal Credit and the proposed extension of the benefit cap. The findings of the study will help us to assess the impact of welfare reform on our local policy decisions and to target advice and support at those most affected by these changes. The final report is expected in December 2015 and will be shared with members and partners. We will also develop an action plan setting out how we intend to respond to the findings of the report.

### **Universal Credit preparation**

- 6.3 Universal Credit (UC) is a Government led programme to merge existing benefits, including Housing Benefit, into one single monthly payment. Universal Credit is replacing Job Seekers Allowance, Housing Benefit, Working & Child Tax Credit, Employment & Support Allowance, and Income Support. People may be able to claim if they are on a low income or out of work. They do not need to do anything if they are already claiming any benefits - they will be told when UC will affect them.
- 6.4 UC aims to ensure that people will be better off in work, find it easier to start a new job or work more hours. As earnings increase Universal Credit will gradually reduce.
- 6.5 People will have to accept a 'Claimant Commitment' – without agreeing to it, they will not get UC. They can claim UC online and it will be paid differently from current benefits. It will be paid once a month, usually into a bank account. Any help they get with their rent will be included with UC payments and claimants then pay their landlord themselves. Evidence from pilot schemes shows that many claimants do not pay their landlords which leads to rent arrears, increased possession applications and evictions. This could lead to a further drain on the Council's homelessness team and other supporting services.
- 6.6 Haringey currently has approximately 36,000 Housing Benefit claimants. We estimate 28,000 (80%) of these may eventually be affected by the UC rollout. However, initially very few of these cases would transfer to Universal Credit. Housing Benefit and other legacy benefits (such as Jobseekers Allowance) will continue, until the Department for Work and Pensions (DWP) are in a position to call for cases to be migrated on a planned and phased basis. DWP have given no indication of when this might be, but it is not expected until at least 2017. Housing Benefit for Pensioners and those in supported accommodation will not be transferring and will continue to be administered by Local Authorities.

- 6.7 Haringey has 10 reported current claimants in receipt of UC (these are likely to have moved into the borough from an area already live on UC), and no local jobcentres administer UC yet. DWP have indicated that Haringey jobcentres are part of Tranche 4 of their Universal Credit rollout – going live from 14<sup>th</sup> March 2016.
- 6.8 Initial discussions have started with local DWP representatives, regarding the March 2016 rollout. As yet DWP have not had sight of projected numbers of claimants initially expected to be affected, however, they believe that the number will be low. For comparison, data for neighbouring boroughs which have started implementing Universal Credit is shown below:
- **Barnet** have been live with Universal Credit since 2<sup>nd</sup> March 2015 and had **741** live UC cases in September 2015 of which 237 were in work and 504 out of work. This increased to **880** in October 2015 of which 270 were in work and 610 out of work.
  - **Enfield** have been live with Universal Credit since 13<sup>th</sup> July 2015 and had **357** live UC cases in September 2015 of which 68 were in work and 289 out of work. This increased to **526** in October 2015 of which 110 were in work and 416 out of work.
  - **Waltham Forest** have been live with Universal Credit since 18<sup>th</sup> May 2015 and had **647** live UC cases in September 2015 of which 189 were in work and 458 out of work. This increased to **809** in October 2015 of which 225 were in work and 584 out of work.
- 6.9 Current criteria which is expected to be used for assessing entitlement to UC is shown in Appendix A. New claimants who do not meet the criteria, will be directed to legacy benefits.
- 6.10 DWP have suggested that further rollout to additional new claimants will be unlikely in the short-term, whilst the DWP's digital delivery strategy is reviewed. Anecdotally, the DWP computer systems for administering UC are currently believed to be inadequate to cope with large volumes of claims, so further rollout is unlikely until this is overcome.
- 6.11 Our local DWP representatives are currently working with Islington to deliver their rollout which took place on 9<sup>th</sup> November 2015. Islington is also a pilot authority for a Local Support Service Framework, which will see DWP staff integrating closely with Islington Contact Centre Staff, in working with more vulnerable clients.
- 6.12 DWP have indicated that they do not propose this approach with Haringey, though they have expressed an interest in placing some DWP staff locally (in addition to staff already placed with us in the Welfare Reform Support Team at Apex House). DWP state that during the Universal Credit go-live period they may be interested in offering an initial advice and digital support function, possibly based in our Customer Service Centres. They would also seek opportunities to work with key third sector providers such as Citizens Advice.
- 6.13 DWP have stated that of the new claimants expected to move onto Universal Credit, no more than 5% will require financial and digital support. They are also

willing to consider providing additional support to any cases which are identified with complex needs.

- 6.14 We await a formal approach from DWP to discuss local partnership arrangements and develop a co-operative strategy. In the meantime, we continue to work to prepare, with colleagues in Housing, particularly Advice, Supply, Homelessness and the Welfare Reform Team.
- 6.15 We will engage with Adults Team regarding issues of duty for individuals and landlords to prepare them for the forthcoming changes.
- 6.16 We will work with legal, business intelligence and the policy & strategy team on an impact assessment.

### **Benefit Cap Update**

- 6.17 The Benefit Cap was introduced in April 2013, and places a weekly cap of £500 on household state benefits (£350 for single claimants). Benefits affected include Housing Benefit, Tax Credits and Child Benefit.
- 6.18 Initially over 660 Haringey residents were affected. By moving into work, obtaining other exempting benefits and finding cheaper alternative accommodation, this has reduced to 418 claimants as at 5<sup>th</sup> November 2015.
- 6.19 Of this 418, 201 are in Temporary Accommodation, 112 are Private Tenants, 50 are Council tenants and 55 are Housing Association Tenants.
- 6.20 391 are affected by the £500 cap - most of these cases have dependent children. 27 are affected by the £350 cap for Single People.
- 6.21 60 have losses less than £10, 153 have losses between £10-£50, 95 have losses between £50-£100, 79 have losses between £100-£200, 24 are affected by losses between £200-£300 and 7 lose over £300 per week. 10 cases receive Housing Benefit of just 50 pence per week due to benefit cap restrictions.
- 6.22 So far in 2015/16, £649,599 has been spent through Discretionary Housing Payment on 288 Capped Cases. This figure will be expected to double by year end. 195 of current capped cases have received some DHP assistance this year.
- 6.23 The government have announced plans to reduce the benefit cap to £23,000 per year (£442.31 per week) in London for households of more than one person (£20,000 outside London – £384.61 per week) and £15,410 per year (£296.35 per week) in London for Single Claimants (£13,400 - £257.69 per week outside London).
- 6.24 London Councils has been told that this will take effect in Autumn 2016. The Government have not yet made any formal announcements on a commencement date.

- 6.25 Based on the current capped caseload, 118, cases which are affected by the cap at present, will face a further loss of £57.62 per week, when these plans are implemented. 230 cases currently receiving £57.62 or less a week will have their Housing Benefit reduced to just 50 pence.
- 6.26 In addition, further cases not currently affected, because the household income is currently between £23,000 and £26,000, will become affected. An accurate assessment of how many claims will be affected has not been made available by DWP. It is difficult for us to make an accurate assessment as not all household income data is required to be held by the Housing Benefit service, so assumptions have to be inferred. However, initial estimates, put this figure at over 700 households.
- 6.27 This years Discretionary Housing Contribution from DWP is £1, 485,882, and is expected to be spent in full. It is likely that this amount will be exceeded, which means that the Council will have to fund any overspend from Council reserves. Although there is likely to be a small increase in the budget next year, it is unlikely to cover all cases expected to be requiring some additional assistance with their rent. It is unsustainable for the Council to financially supplement government grants to continue to support and sustain residents affected by government welfare reforms.
- 6.28 The Benefits Service, in conjunction with the Welfare Reform Team will continue to work with affected claimants to continue to seek solutions which may alleviate the financial hardship caused by this change.

## **7. Contribution to Strategic Outcomes**

- 7.1 Our approach to tackling welfare reform changes contributes to a number of our corporate priorities, including preventing homelessness, driving growth from which everyone can benefit and supporting residents to live independent lives. In addition, supporting those affected by welfare reform is central to our ambition to create a fair and equal borough by tackling the underlying factors of poverty and exclusion.

## **8. Statutory Officer Comments**

### **Comments of the Chief Financial Officer and Financial Implications**

- 8.1 N/A

### **Comments of the Assistant Director of Corporate Governance and Legal Implications**

- 8.2 N/A

### **Equality and Community Cohesion Comments**

8.3 N/A

### **Head of Procurement Comments**

8.4 There are no procurement requirements for this report.

### **9. Planned Use of Appendices for Final Report**

- Appendix A – initial Criteria for claimaing Universal Credit

### **10. Local Government (Access to Information) Act 1985**

10.1 N/A

## Appendix A – Initial criteria for claiming Universal Credit

To be eligible to claim Universal Credit (as opposed to existing benefits), you must:

- live at your usual address, in an area where Universal Credit is available
- not be homeless, in supported or temporary accommodation, nor a homeowner
- be a British citizen with a National Insurance number
- be aged between 18 years and 60 years and six months
- be fit for work
- not have applied for a fitness for work note
- consider yourself/yourself fit for work
- not be pregnant nor have given birth within the last 15 weeks
- not be entitled to Jobseeker's Allowance (JSA), Employment and Support Allowance (ESA), Income Support (IS), Incapacity Benefit (IB), Severe Disablement Allowance (SDA), Disability Living Allowance (DLA) or Personal Independence Payment (PIP)
- not be awaiting a decision on a claim for Jobseeker's Allowance (JSA), Employment and Support Allowance (ESA), Income Support (IS), Housing Benefit (HB), Child Tax Credit (CTC) or Working Tax Credit (WTC)
- not be appealing against a decision of non-entitlement to Jobseeker's Allowance (JSA), Employment and Support Allowance (ESA) or Income Support (IS)
- not be awaiting the outcome of an application to revise a decision of non-entitlement to Jobseeker's Allowance (JSA), Employment and Support Allowance (ESA), Income Support (IS) or Housing Benefit (HB)
- not have any caring responsibilities (such as for a disabled person)
- not be self employed, a company director or part of a limited liability partnership
- not be in education or on a training course of any kind
- not have a person acting on your behalf over your claim
- have at least one suitable account that DWP can pay your money into
- not live in the same household as a member of the regular or reserve forces who is away on duty
- have lived in the UK for the last two years, and not have been abroad for more than four weeks continuously during that time
- not be required to pay child maintenance via the Child Support Agency
- not have savings in excess of £6,000
- not be an approved foster parent (even if you currently have no foster children)
- not be expecting to adopt a child in the next two months or (where family claims may be made) have adopted a child within the last 12 months
- not expect to receive individual take home pay of more than £338 in the next month
- not be responsible for a young person under 20 who is in non-advanced education or training