
To: Scrutiny Co-ordination Committee

Date: 11th January 2016

Subject: Impact of Welfare Reform Changes

1 Purpose of the Note

- 1.1 The purpose of the note is to provide an update on Welfare Reform changes to the Department for Works and Pensions (DWP) benefits and to update on the impacts for Coventry residents.

2 Universal Credit

- 2.1 Universal Credit (UC) is a single payment of benefit for working age people and is administered by the Department for Works and Pensions (DWP). Housing costs are included in the UC award and therefore housing benefit will no longer be assessed by the council for those in receipt of UC.
- 2.2 UC was introduced in Coventry in December 2015 for single working age people. A Partnership Agreement with DWP allows the council to receive and exchange information in relation to UC claims so that housing benefit can be cancelled where a claim for UC is made. The agreement also requires the council to provide budgeting support for those who need help with managing their finances. To date 195 people have been referred for budgeting support.
- 2.3 Since December 2015, a total of 211 housing benefit claims have been cancelled due to people claiming UC.
- 2.4 Entitlement to Council Tax Support will continue to be assessed by the Council where UC is being paid. There are currently 271 claims.
- 2.5 Full roll out for all working age new claimants, or those that have a significant change in their circumstances, is due to be implemented in Coventry in April 2018. Following this existing claims will be migrated to UC by 2022.
- 2.6 DWP have advised that they will be looking at designing a 'Pensioner Scheme' once all working age claims have been migrated.
- 2.7 Housing cost for people living in supported accommodation will be excluded from UC until 2019.

3 Benefit Cap

3.1 Overview

- 3.2 The Government introduced changes to the benefit cap which reduced the maximum amount households could receive in benefit to:

- £385 a week for couples and families with children (£20,000 per year)
 - £259 for single people with no children (£13,400 per year)
- 3.3 The benefit cap only affects people receiving housing benefit or UC. For the cap to apply the total amount of certain benefits needs to be more than the cap. The money above the cap limit will be taken off the housing benefit or UC award.
- 3.4 The cap only applies to working age households, pensioners are exempt. There are also a number of circumstances that would make you exempt from the cap. These are if:
- The claimant or partner are eligible for Working Tax Credit
 - The claimant or partner get Universal Credit, and their household earnings are more than £430 a month after tax and National Insurance
- 3.5 Or if the claimant, partner or dependant child receives any of the following benefits:
- Armed Forces Compensation Scheme
 - Armed Forces Independence Payment
 - Attendance Allowance
 - Disability Living Allowance (DLA)
 - Employment and Support Allowance (if you get the support component)
 - Industrial Injuries Benefits (and equivalent payments as part of a War Disablement Pension or the Armed Forces Compensation Scheme)
 - Personal Independence Payment (PIP)
 - Universal Credit payment for 'limited capability for work and work-related activity'
 - War pensions
 - War Widow's or War Widower's Pension
 - Carer's Allowance
 - Universal Credit payments towards carer's costs
 - Guardian's Allowance

4 Effects for Coventry

- 4.1 The new benefit cap levels for current 'capped' households took effect from 7th November 2016. There are currently 91 households that are subject to the 'new' benefit cap.
- 4.2 DWP have advised that for Coventry, the cap will be applied to new households on 23rd January 2017. Analysis of data received from DWP indicates that there will be an estimated 761 new capped households.
- 4.3 As individual circumstances change frequently, it is impossible to give exact figures until the information is received on the 16th January. However, based on the information supplied in September 2016, the table below shows the households affected:

Household make up	Number of households affected	Weekly average loss of Benefit	% lone parents
4 or more children	348	£104	65%
3 children	382	£36	84%
2 or less children	17	£18	35%

- 4.4 It is anticipated that the total number of children expected to be affected by the benefit cap will be 2,711.
- 4.5 Data matching shows that approximately 50 troubled families known to the Council are likely to be affected by the cap.
- 4.6 The map (appendix 2) shows the effects across Coventry.

5 Discretionary Housing Payments

- 5.1 A Discretionary Housing Payment (DHP) grant is given to each council (from DWP) to help households who are struggling to meet their housing costs. For 16/17 Coventry was awarded £788,669.
- 5.2 In the first 6 months of this financial year applications for help have increased compared to last year and as shown in the table below:

Year (April – Sept)	Applications	Awards Paid	Spend
15/16	854	216	£253,249
16/17	927	284	£324,556

6 DHP’s and the Benefit Cap

- 6.1 DHP’s can be awarded to provide short term financial help for those affected by the cap. However, due to a limited budget, the council will only be able to offer assistance for the first 6 weeks. If households need further assistance after 6 weeks then they will be asked to attend an appointment with the budgeting support officer, so they can get advice and / or be signposted to a debt advisor for further assistance. A further DHP award may be made if the financial situation is such that the household is unable to afford their rental costs.
- 6.2 To date the council has received 22 DHP applications for help due to the benefit cap and £12,091 has been awarded.

7 Community Support Grants

- 7.1 The council administers a discretionary Community Support Grant (CSG) for people who need financial help. The scheme has two parts – crisis grants in the form of help for food and utility bills, and community support grants which can provide help with essential white goods and furniture where someone is resettling back into the community.
- 7.2 The budget for the scheme is £375,000. From 1st April 2016 to 30th November 2016 £240,146 has been awarded compared to £136,750 at the same point last year. There has been an increase in the applications for crisis help, with an additional 114 awards compared to last year.

8 Support and Advice

- 8.1 In July 2016, DWP and the Benefit Service wrote to all households that could be potentially affected by the benefit cap to encourage them to get help and advice in advance of the cap being introduced.
- 8.2 The council’s web site has been updated with information and the Benefit Service has worked with the communications team to ensure information about the cap has been publicised.
- 8.3 Individual Registered Social Landlords have been provided with a list of their tenants (who may be affected by the cap) to enable them to engage and provide help and advice.

- 8.4 The Benefit Service, in partnership with the Welfare Reform Working Together Group has:
- Written to individual households detailing the changes and providing details of where they can go for help and advice
 - Worked with the Corporate Communications Team to ensure households are aware of the changes
 - Promoted and assisted households to apply for DHP's
 - Provided budgeting advice appointments to help with financial planning
 - Held 7 advice drop in sessions across the City, targeted in the areas where households will be most affected. These sessions focused on helping people look for work, ensuring those who should be claiming a benefit that would exempt them from the cap and offering budgeting advice.
- 8.5 Children's Services management team have been updated on the cap and briefings have been arranged for social workers and teams that support children.
- 8.6 In advance of the January cap, the budgeting support officer is attempting to phone customers (where we have a contact number) to ensure they are aware of the changes and to inform them of the help available.
- 8.7 A further targeted campaign will be launched in January 2017.

9 Future Changes

- 9.1 The Government have also proposed the following changes to Housing Benefit (and UC) which are planned to be introduced in 2017:
- Working age benefits will remain frozen
 - Support for children through UC, Tax Credits and Housing Benefit will be limited to 2 children from April 2017. This means that the allowance made for each child in the calculation of these benefits will be limited to 2. This will affect children born after 06/04/17 (existing claims) and any new claims. There will be some exemptions - multiple births / adopting from local authority care.
 - Removal of Housing Support for 18 – 21 year olds. There are limited details available (as this is not legislation yet) and there is likely to be some exemptions e.g. care leavers. Help from the DHP scheme will not be an option as there is no eligibility for housing benefit.

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