

# BRIDGEND COUNTY BOROUGH COUNCIL

## REPORT TO CABINET COMMITTEE – EQUALITIES

6 FEBRUARY 2012

### REPORT OF THE ASSISTANT CHIEF EXECUTIVE – PERFORMANCE

#### WELFARE REFORM BILL 2011

#### 1. Purpose of Report.

- 1.1 The purpose of the report is to provide the Committee with an update on current developments in relation to the Welfare Reform Bill.

#### 2. Connection to Corporate Improvement Objectives/Other Corporate Priorities

- 2.1 Welfare Benefits contribute to the Corporate Priority theme of supporting our disadvantaged communities.

#### 3. Background.

- 3.1 The Welfare Reform Bill legislates for the biggest change to the welfare system for over 60 years.

It introduces a wide range of reforms that will deliver commitments made by the UK Government, to make the tax and benefits system more fair and simple by:

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

The main objectives of the bill are:

- the introduction of Universal Credit to provide a single streamlined benefit that is being designed to make work pay. There will be an amount included within Universal Credit for housing costs.
- a stronger approach to tackling fraud through tougher sanctions, improved investigation, and speedier recovery of fraudulent overpayments.
- a tough but fair approach, with clear levels of commitment expected of claimants, placing more responsibility on those who can work, while giving protection to those with the greatest needs.
- reforms to Disability Living Allowance, through the introduction of the Personal independence Payment to meet the needs of disabled people today.
- 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 make the benefit fairer and to ensure that help goes to those with the greatest need.

- 3.2 The Welfare Reform Bill legislates for the abolition of Housing Benefit. Whilst Central Government is developing its plan the amount of housing benefit paid in the transition period should be broadly similar to the support currently provided through Housing Benefit but some changes will impact earlier than others.
- 3.3 Changes to Housing benefit in relation to the Local Housing Allowance (LHA) came into effect from April 2011 but the most radical changes to the benefits system will be implemented, or commenced, in 2013. These changes are:
- Implementation of Universal Credit
  - A localised Council Tax Rebate scheme to replace Council Tax Benefit
  - A single integrated fraud investigation service

#### **4. Current situation / proposal.**

- 4.1 Details of the Welfare Reform Bill were contained in the previous report considered by the Corporate Resources & Improvement Overview and Scrutiny Committee in May 2011. As the situation with regard to the proposals remains largely unchanged, the previous report is attached for information at Appendix 1 and this report concentrates upon developments since this date.

#### **Housing Support - Local Housing Allowance (LHA) changes**

- 4.2 The changes in relation to the Local Housing Allowance scheme are detailed in Appendix 1. There are no further developments in this area.
- 4.3 The Welsh Government's Deputy Minister for Housing and Regeneration announced a new programme of Homelessness Grant for 2011/12. This grant is to be used to support local authorities take action to prevent homelessness as a result of the changes to the housing benefit system. The local Housing Options Team was successful in its bid to use the funds to procure debt advice services. Following a tender exercise, Caer Las was successful in bidding to provide this service from early 2012. Caer Las is a registered charity whose experience falls into three main areas; housing and preventing homelessness, personal development and advice and advocacy.
- 4.4 The Discretionary Housing Payment (DHP) scheme provides local authorities with power to pay discretionary amounts to top up the Housing and Council Tax Benefits statutory schemes. The Government has provided local authorities with additional DHP funds to assist the most vulnerable people with the changes. The grant for 2011/12 is £60,295 and for 2012/13 is £118,999. The DWP have confirmed that any unspent grant for 2011/12 can be carried forward to 2012/13. The Benefits Service is currently updating its guidance on awarding DHPs and will undertake an equalities impact assessment once complete.
- 4.5 Paragraph 4.3 of the report in the Appendix 1 details the actions that the Benefits Service has undertaken to assist customers to prepare for these changes. The actions detailed in 4.4 of the report have been completed however customer engagement to date has been very poor. The Benefits Service will continue to raise awareness of the changes and will utilise new software to directly target the people who are most affected by the reductions in benefit to provide tailored guidance and advice.

## **Universal Credit**

- 4.6 Information from the UK Government is still limited and there are no firm developments with regard to the implementation or design of the Universal Credit.

A range of potential delivery models for Universal Credit are being discussed with the DWP. Options include a Welsh perspective on coverage of face to face work, regional contact centres and the potential for involvement of Councils.

## **Council Tax Rebate**

- 4.7 In September 2011, Welsh benefit managers agreed to progress the development of a pan-Wales model for the local Council Tax Rebate (CTR) scheme, as proposed at a meeting of the Welsh Local Government Association (WLGA) Benefit Advisors Group.
- 4.8 In the absence of any clear indication from the Welsh Government (WG) on when they are likely to issue a consultation paper on localised CTR in Wales, it was agreed that this issue needs to be progressed as a matter of urgency due to the short timescales available to develop local schemes. The new CTR scheme is expected to be implemented in April 2013.
- 4.9 In order to make best use of the limited time available, it was proposed that the WLGA Benefit Advisors Group act as an overarching steering group (project board) to oversee the development of a pan-Wales scheme. The Society of Welsh Treasurers are supportive of this strategy and have indicated that the design options follow a framework approach that will allow scope for locally exercised discretions within the overall pan-Wales scheme.
- 4.10 To progress this issue, the Welsh Benefits Managers endorsed the proposal of the WLGA Advisors Group to form two sub-groups to initiate the project.

## **Project Team A – Scheme Design**

- 4.11 This team will seek to prepare a series of local scheme options within a pan-Wales framework. Without any clarity from WG, it is felt that the Department for Communities and Local Government's (DCLG) English consultation paper provides a guide to current UK Government thinking, but clearly not a definitive steer on how the WG will want to shape the CTR policy for Wales.

## **Project Team B – Data Capture**

- 4.12 This team will have responsibility for collating statistical data from all 22 Welsh local authorities that can be utilised for financial modeling of the options prepared by Project Team A. The WLGA has established that the Local Government Data Unit is able to assist in the data analysis which will ensure that negotiations regarding potential settlements and schemes are fair and manageable.
- 4.13 The Scheme Design Project team has met and discussed options for achieving the required 10% reduction on Council Tax Benefit expenditure. A risk assessment of each option is being developed however the options discussed are not yet available for wider circulation. An equalities impact assessment will be undertaken once the

preferred options are decided. The chair of each group will report to the WLGA Benefit Adviser Group.

### **The single integrated fraud investigation service (SFIS)**

- 4.14 The UK Government's strategy for tackling fraud and error in welfare benefits is to establish a Single Fraud Investigation Service (SFIS) from 2013 to investigate fraud in benefits and tax credits. The new SFIS will be formed by consolidating the benefit and tax credit fraud investigation teams across DWP, local authorities and HM Revenue and Customs (HMRC).
- 4.15 In September 2011, the Department for Works and Pensions (DWP) issued an options paper which is the start of wider consultation on SFIS and was devised after working with all affected government bodies. The option paper only deals with local government staffing options and was produced early in the DWP's project timetable to allow local government to plan for next year and beyond.
- 4.16 The short and targeted consultation formed the basis for a recommendation to Ministers; the options and evaluation criteria are contained in Appendix 2. The DWP favoured option 1 which is for local authority staff to remain employed by local authorities, but operate under SFIS powers, policies, processes and priorities
- 4.17 Of the 285 responses received, 76% of local authorities, including Bridgend County Borough Council, agreed with the DWP assessment that option 1 was the most suitable option at this time.
- 4.18 The DWP submitted a recommendation to Lord Freud and Ministers to proceed with SFIS by implementing Option 1. The Ministers decided that this option can be implemented but made it clear, however, that this is an interim option. Over the long term, the nature of fraud investigation operations will necessarily have to change once Universal Credit is substantially rolled out.
- 4.19 Local authorities were advised of this decision on 1 December 2011. The next phase of work will be collaborative with HMRC, DWP, DCLG and local government working together to arrive at options and recommendations for the design and delivery of SFIS in light of both the decisions on structure and of course the design of Universal Credit.

### **5. Effect upon Policy Framework & Procedure Rules.**

- 5.1 This is an information report and has no implications for the Council's policy framework or procedure rules.

### **6. Equality Impact Assessment**

- 6.1 The DWP have published equality impact assessments on its Welfare reform Bill and these can be found on their website (web address detailed below).

### **7. Financial Implications.**

- 7.1 The proposed changes will impact on the Council financially but at this stage it is not possible to quantify these because of the limited detail available. In particular, the

DWP and Central Government have not yet clarified or quantified many of the practical aspects and implications associated with the proposals.

## **8. Recommendation.**

- 8.1 The Committee is asked to consider and note this report and note the current lack of detailed information available from the UK Government on the implementation of the proposals.

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## **Background documents**

Tackling fraud and error in the benefits and tax credit systems – October 2010

The White Paper *Universal Credit: Welfare that Works* – 11 November 2010

Welfare Reform Bill – February 2011

Institute for Fiscal Studies – Universal Credit: A Preliminary Analysis ( IFS Briefing Note 116)

DWP equalities impact assessments:

<http://www.dwp.gov.uk/policy/welfare-reform/legislation-and-key-documents/welfare-reform-bill-2011/#wrbill>

DCLG – Localising Support for Council Tax in England consultation document:

<http://www.communities.gov.uk/documents/localgovernment/pdf/19510253.pdf>