

North Tyneside Council

Report to Council

Date: 17 March 2016

ITEM 5

Title: Welfare Reform &
Work Bill

Portfolio(s): Elected Mayor Finance and Resources Housing	Cabinet Member(s): Norma Redfearn Councillor Ray Glindon Councillor John Harrison
--	--

Report from Service Area; Finance and Resources
Responsible Officer: Janice Gillespie, Head of Finance. Tel: (0191) 643 5701

Wards affected: All

PART 1

1.1 Executive Summary:

- 1.1.1 Council accepted a Motion at its meeting on 19 November 2015 with regard to the proposed Tax Credit changes contained within the Welfare Reform and Work Bill ("the Bill) and requested officers to report back to Council highlighting the main implications of the proposed changes.
- 1.1.2 The Bill had not completed the legislative process when the matter last came before Council on 21 January 2016 and therefore officers could only provide an interim report to Council at that time.
- 1.1.3 The Bill has still not yet completed its journey through the legislative process although it is now in the final stages of that process. However, subject to any amendments that may be made to the Bill before it receives Royal Assent officers have set out in Appendix 1 to this report, the potential impact on the residents of North Tyneside and the Authority, should the proposals contained in the Bill become law.
- 1.1.4 It is acknowledged that the initial request made at the meeting on 19 November 2015 was for officers to prepare a report on the implications should the proposed changes to Tax Credit introduced by the Bill come into force. However, as some of the proposals contained in the Bill were mentioned in the Chancellor's Summer Budget and again in his Autumn Statement, it is considered appropriate to include the matters referred to by the Chancellor in Appendix 1 to this report.

As some of the proposed changes in the Summer Budget will affect the Authority's social housing stock, it was also considered appropriate that information is also included on the changes proposed by the Housing and Planning Bill.

1.2 Recommendation(s):

It is recommended that Council:

- (a) note the content of this report, particularly the information in Appendix 1, and
- (b) agree to receive a further update in September 2016.

1.3 Forward plan:

- 1.3.1 This report first appeared on the Forward Plan that was published on 26 January 2016.

1.4 Council plan and policy framework

- 1.4.1 This report links directly to the priority 'Our people will be cared for and kept safe if they become vulnerable' in the 'Our North Tyneside Plan 2014 -2018'.

1.5 Information

- 1.5.1 During 2015 a number of welfare reforms were announced in the Government's Summer Budget, and Autumn Statement that are to be introduced by the Bill when it becomes an Act.
- 1.5.2 Council accepted a Motion at its meeting on 19 November 2015 with regard to the proposed Tax Credit changes announced in the Summer Budget and requested officers to prepare a report highlighting the proposed changes particularly in relation to Tax Credits. An interim report was presented to Council on 21 January 2016 with a recommendation that a further more detailed report be presented to Council on 17 March 2016 setting out the impact of the proposed welfare changes to be introduced by the Bill on residents and the Authority.
- 1.5.3 In considering the implications of the changes which form part of the Bill, it is considered appropriate that this report should also encompass other reforms that are not included in the Bill but are likely to be introduced by the Government in the future through other means such as the Housing and Planning Bill. This will ensure that the Authority takes a holistic approach in understanding the impact of the welfare reforms both on the Authority and on residents and that relevant mitigating actions, strategies and policies are aligned to the reforms not just those included in the Bill.
- 1.5.4 It is noted that not all the necessary legislation is yet in place to bring about the reforms referred to in this report and at this stage officers are unaware of when the Bills will receive Royal Assent and the commencement dates for such legislation. In some cases specific reforms have been amended as the Bill progressed through the legislative process. Appendix 1 of this report aims to provide Council with a 'Table of Welfare Changes' on what is known at this time in relation to the main reforms, with some analysis of their impacts, both in terms of those affected and financial losses. Should there be any further significant amendments to the Bill that changes the contents of Appendix 1 a further report will be prepared for Council setting out those changes.
- 1.5.5 In analysing the financial impacts as they are known, the position of residents and the Authority have been considered. There is recognition that there will be a greater demand for support from our community and voluntary sector partners as a result of the proposed reforms. Some mitigating actions have been referred to in Appendix 1 and whilst they may not remove the impact they may provide some support whilst longer term options are considered.

- 1.5.6 The Mayor's Task Group is taking a strong lead on the reforms and will provide a steer around managing the changes. As the group includes partner organisations such as the Citizens Advice Bureau, they will help formulate options that take into consideration a wider perspective of impacts and actions. This will build upon the achievements of the Mayor's Welfare Reform Task Group in supporting residents with the welfare reform changes that were introduced in 2012.
- 1.5.7 A dedicated sub group of the Mayor's Welfare Reform Task Group has been established with community and voluntary sector partners and Cabinet Member presence and this group will feed into the Mayor's Task Group. The group will be responsible for looking at each of the reforms and working with Authority service areas, the Department for Work and Pensions and the community and voluntary sector to ensure that each of the reforms are planned for in a holistic way and the appropriate engagement and communications are put in place. Residents that may be impacted will be informed of potential changes and made aware of any appropriate support that is available. The group will look at what mitigating actions are available or are in development as part of a coordinated approach to dealing with these changes.
- 1.5.8 The picture of Welfare Reform will change over the coming months as legislation is confirmed or changed. As and when more information is known, further reports will be provided to Cabinet and Council as appropriate to ensure that they are updated on the latest position.

Additional Support for Residents

- 1.5.9 **Discretionary Housing Payments (DHP)** are available to claimants who are in receipt of Housing Benefit or Universal Credit and who require financial assistance to meet their housing costs. The policy was updated to reflect an increased fund in 2013/14 and a clear increase in demand due to the welfare reforms which were introduced in April 2013. The policy was agreed by Cabinet and it is reviewed annually by the Mayor's Task Group to ensure it continues to be fit for purpose.
- 1.5.10 The funding is ring-fenced and can only be used to provide actual financial support to those with housing costs. Funding can be 'topped up' by the Authority to two and a half times the funding provided by Department for Work and Pensions (DWP) should it be in a financial position to do so. For 2015/16 the Government provided £406,414 and the Government made a clear commitment that this fund will be increased over the next 5 years to support people impacted by the reforms; accordingly the amount provided by the DWP for 2016/17 has been increased to £473,141 in line with that commitment. Those making a claim for a DHP and who are considered will benefit from budgeting or debt advice are referred to the Citizens Advice Bureau (CAB).
- 1.5.11 **Local Welfare Provision** replaced the DWP managed Community Care Grants and Crisis Loans in April 2013 and is available to help those with financial need. The policy was agreed by Cabinet in 2013 when funding provided by DWP was at its highest. Current funding is limited and is unlikely to be sufficient to meet demand. The welfare provision provides immediate financial support for those who need food, utilities or other support and the team also carry out benefit entitlement checks to ensure the claimants' income is maximised or they provide signposting to other organisations who are able to support the claimant in other ways, such as debt or budgeting advice.

1.5.12 **The Community and Voluntary Sector** is an essential part of supporting the Authority in providing help to residents. Since the main Welfare Reforms which were implemented in April 2013 they have continued to provide a wide and varied range of support, including supporting those in need with food parcels to advice that can help increase incomes and deal with debt. However, it needs to be considered that they have seen a significant increase in demand in previous years with often funding reduced; the announced reforms will add pressure to an already stretched resource.

1.6 Decision Options

1.6.1 The following decisions are available to Council:

Option 1: Accept the recommendation at point 1.2 of this report.

Option 2: Reject the recommendation and direct that officers take other actions as considered appropriate.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

1.7.1 Option 1 will provide sufficient time for Officers to consider and analyse the implications of the Welfare Reform and Work Bill once it receives Royal Assent.

1.8 Appendices:

Appendix 1 – Summary Table of significant changes announced in the Chancellor's summer budget, autumn statement, Welfare Reform and Work Bill 2015, Housing and Planning Bill 2015.

1.9 Contact officers:

Janice Gillespie – Head of Finance, Tel. (0191) 6435701

Andrew Scott – Senior Client Manager Revenues, Benefits and Customer Services, Tel. (0191) 643 7150

Tracy Hunter – Client Manager Revenues, Benefits and Customer Services, Tel. (0191) 643 7228

1.9 Background information:

- [Report to Council on 21 January 2016 - Welfare Reform and Work Bill 2015](#)
- [Report to Council 19 November 2015 – Item 5 Motions](#)
- [Welfare Reform and Work Bill 2015](#)
- [The Governments Summer budget 2015](#)
- [The Spending Review and Autumn Statement](#)
- [Discretionary Housing Payment Policy 2015/16](#)
- [Housing and Planning Bill 2015/16](#)
- [Housing and Planning Bill: Report on Committee Stage](#)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1. Finance and Other Resources

- 2.1.1 The changes in Appendix 1 have a number of implications for the Authority, residents and our partner organisations. Analysis of impacts is ongoing and as more information is known, mitigating actions and strategies will be developed to manage these changes. Cabinet and Council will be updated as appropriate.
- 2.1.2 The Sub Group of the Mayor's Welfare Reform Task Group will look at what funding is available to assist with the implementation of the reforms and support residents affected by the changes.

2.2 Legal

- 2.1.1 There are no legal implications directly arising from this report.
- 2.1.2 The Welfare Reform and Work Bill was recently returned to the House of Commons for that House to consider the House of Lords' Amendments. The Bill is in the final stages of the legislative process and it is envisaged that the Bill will receive Royal Assent and thus become law before the matter comes back before Council in September 2016. Once the Bill has received Royal Assent it will be clearer when the legislation will come into force.

2.3 Consultation/community engagement

- 2.3.1 Significant engagement has taken place during the period of welfare reform changes. This has allowed Cabinet and Council to make informed decisions and the Mayors Task Group to make an effective and coordinated response. Engagement to provide information to residents and partners on the welfare changes will continue to take place as appropriate. It will include general advice and information on the reforms with signposting to support along with more targeted communication to those directly impacted.
- 2.3.2 Officers will work closely with the community and voluntary sector in delivering communications to ensure clear messages, provide good use of resources and deliver a 'joined up approach'.

2.4 Human rights

There are no human rights implications directly arising from this report.

2.5 Equalities and diversity

There are no equalities and diversity implications directly arising from this report

2.6 Risk management

There are no risk management implications directly arising from this report

2.7 Crime and disorder

There are no crime and disorder implications directly arising from this report.

2.8 Environment and sustainability

There are no environmental and sustainability implications directly arising from this report.

PART 3 - SIGN OFF

- Deputy Chief Executive x
- Head(s) of Service x
- Mayor/Cabinet Member(s) x
- Chief Finance Officer x
- Monitoring Officer x
- Head of Corporate Strategy x