

SLOUGH BOROUGH COUNCIL

REPORT TO: Neighbourhoods and Community Services Scrutiny Panel

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WARD(S): All

PORTFOLIOS: Councillor Anderson – Finance and Strategy
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PART I **CONSIDERATION & COMMENT**

What impact has the introduction of the new benefits system had in Slough?

1 **Purpose of Report**

To provide the Panel with information on the impact of the new benefits system in Slough.

2 **Recommendation(s)/Proposed Action**

That the Panel consider the information provided and plans to ensure that residents are provided with support to ensure they receive their correct benefit entitlement.

3 **Slough Wellbeing Strategy Priorities**

To enable residents to access their correct Housing and Council Tax benefits, Neighbourhood Benefit officers have been introduced, who assist both the housing service in terms of housing benefit applications and ensure the maximisation of benefit take up in the borough by providing a more local accessible and tailored service

4 **Joint Strategic Needs Assessment (JSNA)**

Slough's Housing Benefits Service is provided in partnership with Arvato and joint liaison meetings with Housing have been convened to consider the implementation of an escalated benefits processing service for Slough's more vulnerable residents. This will be further supported by the introduction of Neighbourhood Benefit officers who will be targeted to work in the more deprived neighbourhoods of Slough to generate additional income within the community. The main function of these posts will be to work with community groups and the Third Sector to increase awareness of all benefits and grants available. As well as working at a community level, these officers will be responsible for working with individuals to advise and help with claiming benefits.

5 **Other Implications**

(a) Financial

There are no financial implications of proposed action.

(b) Risk Management

| Risk | Mitigating action | Opportunities |
|------------------------|--------------------------|----------------------|
| Legal | None | None |
| Property | None | None |
| Human Rights | None | None |
| Health and Safety | None | None |
| Employment Issues | None | None |
| Equalities Issues | None | None |
| Community Support | None | None |
| Communications | None | None |
| Community Safety | None | None |
| Financial | None | None |
| Timetable for delivery | None | None |
| Project Capacity | None | None |
| Other | None | None |

(c) Human Rights Act and Other Legal Implications

There are no Human Rights Act Implications relating to this report.

(d) Equalities Impact Assessment

There is no identified need for the completion of an EIA related to the content of this report.

6 **Background – Council Tax Support Scheme**

- 6.1 The Local Government Finance Act 2012 paved the way for the implementation of localised council tax support schemes in England from April 2013. This requires local councils to design their own schemes to administer council tax support, working within a framework set out in legislation. The Government has been clear that the elderly and the vulnerable should be protected, and that the changes should support incentives for people to find and stay in work.
- 6.2 The Finance Act also provides for local retention of business rates, and a number of technical reforms to council tax, including powers to reduce certain discounts and exemptions.
- 6.3 The Government's key aims are to:
- give local authorities a greater stake in the economic future of their local area which supports the Government's wider agenda to encourage stronger, balanced economic growth across the country;

- provide local authorities with the opportunity to reform the system of support for working age customers;
- reinforce local control over council tax (local decisions about what support is given e.g. council's are free to establish whatever rules they choose for working age customers);
- implement new schemes by April 2013 and;
- provide local authorities with a financial stake in the provision of support for council tax (the fixed grant will not be ring-fenced).

6.4 This is part of a wider set of reforms to the welfare system, designed to improve the incentives to work and ensuring resources are used more effectively, so reducing worklessness and ending a culture of benefit dependency.

6.5 If the local authority does not adopt a local scheme then the default scheme, as prescribed by the Secretary of State will take effect. This scheme leaves the existing complex regulations in place and will be the worst case situation for the council as it will be left with the current financial costs and significant administration costs.

7 Local Council Tax Support Scheme

7.1 The Government is undertaking a major set of welfare system reforms which support the new Council Tax Support Scheme adopted by Slough Borough Council. One of these was the replacement of Council Tax Benefit (CTB) with a local Council Tax Support (CTS) scheme from 1 April 2013.

7.2 It is estimated that the proposed funding mechanism for CTS will create a shortfall in funding of at least £1.1m, based on the 10% cut of the 2011/12 Council Tax benefit expenditure by the DWP.

7.3 In addition to this shortfall we estimate that the introduction of Universal Credit, the identification of CTS as a discount instead of a benefit, and the processing of new housing benefit claims by Government will mean that, once this is introduced, Slough's benefit administration grant will reduce, and this is likely to result in an additional cost to the council which is as yet unknown.

7.4 The shortfall in funding will be greater than the publicised 10% base cut because the reduction is based on the 2011/12 subsidy expenditure. Caseload is estimated to have grown by the end of 2013/14 due to the current economic situation.

7.5 The impact of council tax changes, increased discount applications, lower collection rates caused by a reduction in CTB to customers, and the reduced administration grant have the effect of this change being nearer to a real cut of 15% by the end of 2013/14.

7.6 The basic eligibility criteria based on the level of income is not proposed to change as this protects low income households whenever possible; and also prevents future challenge on equality grounds on this aspect of the proposed new local scheme.

8 New Funding Arrangements for Local Council Tax Support Scheme

8.1 Local authorities will be paid a grant to enable them to offer support for Council Tax, allocated in advance. The grant will be paid to the billing and major precepting authorities using existing powers. This grant will be set at 10% less than the amount

of Council Tax benefit paid out in 2011/12. More detail has been received and modelled on the likely funding, and in total equates to a potential reduction of c£1.1m in funding for Slough per year based on 2011/12 council tax benefit. Grant allocations will be set on an annual basis for the first two years.

- 8.2 The Government will consider whether a new basis for distributing the funding grant, other than previous expenditure, is required from 2015/16 and if multi-year allocations would be better for local authorities. At this stage the suggestion is that this would form part of the Revenue Support Grant (RSG) from 2015/16.
- 8.3 As opposed to a subsidy, the system will create a position whereby the Local Authority is responsible for any spending in addition to the grant provided by Government. The risk attached to this is that once Slough Borough Council has set the criteria for the delivery of this benefit, if the social demographic position of Slough changes during the year, creating an increase in customers, the grant could be overspent. This will place pressure on the services delivered by the council. It also means that the funding model adopted will require close monitoring and potentially altering year on year to reflect possible social demographic changes e.g. an increase in the proportion of pensioners or vulnerable people in the population.

9 Impact of Changes – Council Tax

- 9.1 In April 2013, Slough Borough Council implemented its own local council tax support scheme and policy. The policy is attached as Appendix A.
- 9.2 The Council Tax Support (CTS) caseload has not changed that much over the year. In March 2013 the Caseload was 11,800, and we expected this to drop with the implementation of CTS as it took some people out of the scheme.
- 9.3 The Council Tax collection rate is similar to last year at this time but the number of reminders summonses and liability orders issued has increased three fold which could suggest more people having problems and trying to defer payments
- 9.4 Pensioners who are already customers are not affected by the cut (they are protected under the new scheme from losing any benefit), as are any new pensioners applying for support. The percentage of the benefit loss to working age customers therefore will be much higher than 10%.
- 9.5 Many of the customers who previously received Council Tax Benefit may also be affected by the changes to housing benefit announced by the Government. The majority of Benefit customers claim both Council Tax and Housing Benefit.
- 9.6 Welfare reforms also potentially hitting this same group of people are:
- Benefits Cap
 - Under Occupancy
 - Local Welfare Assistance
 - Universal Credit – to be implemented in October 2013
 - Personal Independence Plans

10 Housing Benefit

- 10.1 Social Housing Tenants – although the spare room subsidy or ‘bedroom tax’ was introduced in April 2013 it is still too early to draw any conclusions as to its impact on household income and the ability to pay rent. There has certainly been an increase

demand for affected tenants seeking to downsize into smaller properties but total rent arrears do not appear to have been disproportionately affected although we may still be in a 'honeymoon' period as tenants make up their rental shortfall by dipping into savings.

- 10.2 Private Sector Tenants – again there is no direct evidence available to us, but we have had more applicants for Discretionary Housing Payments (DHP) than in previous years. We have spent £314,322 as at the end of November and £419,528 has been approved for payments to the end of the financial year. This time last year we had only spent £112,505.86 with £70,000 approved for future payments.
- 10.3 The Government will increase DHP by £40 million in both 2014-15 and 2015-16. This will ensure the amount of DHPs available to support those social housing tenants affected by under-occupancy deductions will not be reduced for the next two years, giving councils discretion to make longer term awards. Funding of DHPs will be met from Department of Work and Pensions (DWP) budget from 2014-15.
- 10.4 The caseload for Housing Benefit has not changed considerably over the year, with uptake remaining fairly consistent when compared to previous year's caseload volumes:
- November 2012 = 11,595
 - November 2013 = 11,732

11 **The “London” effect**

- 11.1 Prior to the introduction of the welfare benefit reforms, much was made of the potential effects on low income households in inner London areas where rental costs were at their highest. As individual household incomes were capped at £500 per week upon the phased introduction of Universal Credit there was a logical assumption that households would either willingly relocate to cheaper areas or would be 'exported' by hard pressed London Boroughs (LB) who were forced to seek cheaper private sector accommodation in order to discharge their homelessness duties.
- 11.2 To date, the council has no evidence that this is happening, even on a small scale and although the 'footfall' of clients seeking housing advice from the service at Landmark Place has increased by over 40% since last year, these clients either facing eviction from private landlords, escalating rent or mortgage arrears, or other threats, are existing Slough residents.
- 11.3 Previous enquiries by Slough's MP focused particularly on LB Hounslow identified a dozen families in temporary accommodation in our borough and an Freedom of Information (FOI) request by the BBC suggested that as a whole, London Boroughs had only placed some 90 households within our area. Additionally, our neighbouring boroughs of Windsor & Maidenhead, Wycombe and Bracknell Forest are known to use the temporary accommodation within Slough while they each retain responsibility for their clients and will ultimately re-house them back into the placing authorities when homes become available. There is no evidence of any increase in the use of out-of-borough temporary accommodation, because, if for no other reason, the supply of available rooms is fairly fixed and this does not impact upon either the level of housing demand, rent and property values or the workload of the housing needs service as a consequence.

11.4 Therefore, it is reassuring for the moment, at least, to know that contrary to the pessimistic predictions, Slough is not becoming a 'dumping ground' for other borough's problems. In future the council's position is further safeguarded by adoption of the new allocation policy which requires applicants to live within Slough for a minimum of five years before they become eligible to join our housing waiting list.

12 **Conclusion**

12.1 Based on the current figures and the "newness" of the changes to the welfare benefit system it is too early to draw any reasonable conclusions with a great deal of confidence.

13 **Appendices Attached**

Appendix A - The Local Council Tax Benefit Scheme – Slough Borough Council

14 **Background Papers**

None.