



Report to Safer and Stronger Communities Scrutiny & Policy Development Committee

23 July 2015

Report of: Director of Policy, Performance and Communications

Subject: Welfare Reform – July 2015 Update

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Summary:

At the meeting of the Safer and Stronger Communities Scrutiny & Policy Development Committee in July 2013, members requested that an update on welfare reform issues be provided to Committee Members bi-monthly. This update report for July 2015 presents the most recent data relating to Under-occupancy (Bedroom Tax), Council Tax Support, Benefit Cap and hardship schemes/discretionary payments. The report also includes an update on the forthcoming introduction of Universal Credit in Sheffield and information about the welfare reforms announced as part of the Government’s Summer Budget.

Type of item:

| | |
|---|---|
| Reviewing of existing policy | |
| Informing the development of new policy | |
| Statutory consultation | |
| Performance / budget monitoring report | |
| Cabinet request for scrutiny | |
| Full Council request for scrutiny | |
| Community Assembly request for scrutiny | |
| Call-in of Cabinet decision | |
| Briefing paper for the Scrutiny Committee | |
| Other | X |

The Safer and Stronger Communities Scrutiny & Policy Development Committee is asked to note the contents of the update report.

Category of Report: OPEN

Welfare Reform in Numbers – July 2015

3,814

Sheffield council tenants are affected by under-occupancy rules ('bedroom tax') of a total of 39,586 council tenants



50 less than three months ago

42%

have paid in full the shortfall in their benefit resulting from under-occupancy without receiving a DHP* payment

trend data is not available for this measure due to a change in method of reporting



3%

have paid nothing towards the shortfall in their benefit resulting from under-occupancy



down from 4% three months ago

31,000

working age people in Sheffield receive council tax support



all of whom must now pay at least 23% of their Council Tax

compared to around 32,000 working age CTS customers at a similar time last year

6,931

summonses have been issued to Council Tax Support customers since April 2015 for non payment of Council Tax



compared to 8004 summonses issued to CTS customers between 1 April and 30 June 2014

£1.7m

= value of summonsed debt for Council Tax Support customers since April 2015

average amount of debt = £250**

compared to £2.2m summonsed debt for CTS customers during the financial year 2014/15 at the same time last year

£317,233
= value of Discretionary Housing Payment awards made since 1st April 2015

£202,798
= value of Council Tax Hardship Scheme awards made since 1st April 2015

All figures are to 30 June 2015

*DHP = Discretionary Housing Payment. This statistic shows the percentage of tenants who have paid in full and have not received a DHP during the current financial year.

** At this stage the full annual outstanding debt is summonsed, not the unpaid debt to that date.

Welfare Reform: Additional data

- At the end of June 2015, **118 households** in Sheffield were subject to the **Benefit Cap**, the number of children within these households was 620. *This compares to 126 households subject to the Benefit Cap three months ago, at the end of March 2015.*
- At the end of June 2015, **256 Local Assistance Scheme grants** had been awarded since 1st April 2015.
- At the end of June 2015, **180 Local Assistance Scheme loans** had been awarded since 1st April 2015.

Universal Credit Update

Universal Credit is due to be introduced in Sheffield in January 2016. At this time UC will roll out only to new claims from single people, who would otherwise have been eligible for Jobseeker's Allowance, including those with existing Housing Benefit and Working Tax Credit claims. Consequently, only a small number of people in Sheffield will receive Universal Credit initially; the anticipated volumes are due to be confirmed by DWP the end of July 2015.

The Council is working closely with the Department for Work and Pensions (DWP) on the delivery partnership agreement (DPA) which will set out how the Council will support the implementation of Universal Credit. As part of this agreement the Council will deliver advice and support to vulnerable customers, relating to budgeting skills and online skills. Funding will be available from DWP to support this work.

The Council will also provide a dedicated telephone line for DWP to contact Housing Benefits staff with any queries. A small team of officers from DWP and Sheffield City Council, led by the Head of Neighbourhood Intervention and Tenant Support, are currently working on the DPA and agreeing referrals and costs payable.

Summer Budget announcements on Welfare Reform

On 8 July the Government announced major changes to welfare and in particular, working age benefits to deliver an additional £12bn of savings, on top of the £21bn announced since 2010. Spending will be focussed on the elderly and disabled, meaning that working age people will be most significantly affected by the changes. The main specific proposals are as follows.

Housing Benefit

Automatic entitlement to Housing Benefit is to be withdrawn for 18-21 year olds, however there will be exceptions for vulnerable young people.

Household Benefit Cap

The cap is currently set at £350 per week (£18,000 per annum) for single persons and £500 per week (£26,000 per annum) for couples/single parents. The cap is to be reduced to £23,000 per annum for couples/single parents and £15,410 per annum for single persons in London. In the rest of the UK the cap is to be reduced to £20,000 per annum for couples/single parents and £13,400 for single persons. The cap does not apply in cases where the claimant, their partner or any children receive some specific benefits, including disability benefits and working tax credit.

Social housing changes

- From 2017-18, social tenants with household incomes above £40,000 in London and £30,000 in the rest of the UK, will pay “market or near market” rent. This will apply to tenants living in both SCC and RSL properties in Sheffield. For local authorities the surplus funds will be returned to the Exchequer.
- Rent payments for social housing will be cut by 1% per year for each of the next four years, from a frozen 2015/16 baseline.

Four year working age benefit freeze

Most working age benefits will be frozen for four years from April 2016. Since April 2013 they have been up-rated by 1% a year. This will include Job Seeker's Allowance, Employment and Support Allowance, some types of Housing Benefit, and Child Benefit. Pensions, Maternity Pay and disability benefits will be excluded.

Changes to Employment Support Allowance

The benefit rate for claimants of Employment Support Allowance who are in the Work Related Activity Group (WRAG) are to be set at same level as Jobseeker's Allowance (this is a reduction of £30 a week).

Changes to tax credit and universal credit calculations

- From April 2017, the way that tax credits are calculated is to be amended, by limiting the number of children in respect of whom the individual element of child tax credit is payable to two. This will apply to children born after 6 April 2017. Multiple births will be excluded from the limit.
- From April 2017, the number of children in respect of whom the child element of universal credit is payable will be restricted to two (with exceptions) and the higher rate of child element in respect of the first child will be removed to create a single flat rate. There will be an exception for claimants who are already responsible for more than two children at the point this clause comes into force. However such claimants will not be entitled to any further amounts for new children who enter the household, and the higher rate will cease to be payable once the first child leaves the household.

Earlier withdrawal of benefits for working households

There is to be a large reduction in how much families can earn before tax credits/universal credit (UC) start to be withdrawn. Tax credits will start to be withdrawn once family earnings are above £3,850 (rather than £6,420 at present). This means that anyone earning more than £3,850 will now have their income reduced more steeply.

“National Living Wage” announcement

On 8 July 2015 the Government also announced the introduction of a higher minimum wage for adults aged 25 and over - the “National Living Wage”. This will be set at £7.20 per hour in April 2016 (50p higher than the National Minimum Wage). It is set to increase such that it reaches 60% of median hourly earnings by April 2020. The Office for Budget Responsibility assumes this will be £9.35 in April 2020.

The Living Wage is set annually by the Living Wage Foundation. The current UK Living Wage is £7.85 an hour. The current London Living Wage is £9.15 an hour.¹

¹ <http://www.livingwage.org.uk/>