



Comprehensive Spending Review – CSR – Changes affecting Housing Benefits

SUMMARY

- 1.1 This report outlines the key elements of the Government proposals affecting housing benefits and the potential impact that these will have on the Council
- 1.2 Far reaching changes are sketched out in the CSR which will have substantial impacts on benefit recipients and the administration of Council Tax and Housing Benefits by local authorities

RECOMMENDATION

- 2.1 That the report be noted.
- 2.2 That further reports be presented to Cabinet as more details become available.

REASONS FOR RECOMMENDATION

- 3.1 To inform the Council on the issues arising from the Government's Welfare Reform proposals

SUPPORTING INFORMATION

- 4.1 The detail of the changes to Housing Benefit and Council Tax Benefit are still in outline, which makes it difficult to assess the budget implications for Derby City.

The changes to local authority administered benefits are a key element of the Government's overall approach to welfare reform in reducing welfare spending in real terms over the next four years. In particular, housing benefit expenditure has risen from £14.6 billion to £21.6 billion in the past ten years.
- 4.2 The current complex system of means tested working age benefits will gradually be replaced with the Universal Credit, an integrated payment that will encourage work and reduce the scope for fraud.

- 4.3 This will impact on all Council administered benefits with the phased implementation of change taking place. All housing benefit will be subsumed in the Universal Credit with the exception of Council Tax Benefit.
- 4.4 Council Tax Benefit will be replaced from 2013 by a new and cheaper rebate scheme which will give local authorities more discretion to develop local solutions to local need with a possible capital limit.
- 4.5 There will be an overall cap on benefits paid to a family from 2013 at around £500 a week for couples and lone parent households so that no family can receive more in benefits than the median for working family households.
- 4.6 Those claiming Disability Living Allowance and war widows will be exempt as well as working families claiming the working family tax credit. This will give incentive to those working who will receive a higher payment than those claiming Job Seekers Allowance.
- 4.7 The Council's role in administering Council Tax Benefit will be to implement the new scheme which will include capping Housing Benefit so as to restrict payments to the relevant cap.
- 4.8 Transitional arrangements will include a discretionary fund of £140 million to enable top-up payments to be made to private sector tenants in cases of exceptional hardship.
- 4.9 The Government's aim is to make administration of the whole system simpler which is likely to see the rationalisation of tapers and disregards.
- 4.10 This will be accompanied by a reduction in the administration subsidy paid to local authorities by approximately 7%. Council's will be encouraged to share services and resources in order to reduce administrative costs further.
- 4.11 A new Fraud Investigation Service will start in 2013 to cover all aspect of benefit fraud. The impact on local authority investigation staff is as yet unclear.
- 4.12 These proposals will be fleshed out in more detail over the coming months and further reports will be submitted when more information is available.

OTHER OPTIONS CONSIDERED

- 5.1 None

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Service Director(s) Other(s)	Kath Gruber
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For more information contact: Background papers: List of appendices:	Name 01332 256263 e-mail julian.kearsley@derby.gov.uk None Appendix 1 – Implications
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IMPLICATIONS

Financial

- 1.1 This report hopes to provide a balanced approach of the financial situation so that sound decisions can be taken in the future.

Legal

- 2.1 These changes will require statutory enactment

Personnel

- 3.1 Likely to have implications, but these will emerge from the legislation and regulations to be drawn up to implement these changes

Equalities Impact

- 4.1 Concern has been expressed about the impact on low income groups of capping benefit payments

Health and Safety

- 5.1 None

Carbon commitment

- 6.1 None

Value for money

- 7.1 The Council will need to develop an internal project plan to implement these changes in a timely and cost effective manner.

Corporate objectives and priorities for change

- 8.1 This update report hopes to align to the Council's corporate objective COD2 to deliver value for money across all services