

Corporate Policy and Strategy Committee

10.00am, Tuesday, 6 December 2016

Update on the National Benefit Cap in Edinburgh

Item number	7.4
Report number	
Executive/routine	
Wards	All

Executive summary

The benefit cap is a limit on the total amount of income from certain benefits a household can receive. If citizens receive more than the benefit cap allows then their Housing Benefit will be reduced in line with the cap. For a couple or single person with children the benefit cap is currently £500 per week. The limit for single people with no children is £350 per week. From autumn 2016 this has been reduced to £384 for a couple or single person with children and £258 for a single person.

Whilst citizens already experiencing capping of benefit at the previous levels have seen their benefit reduced to the new levels from 7 November 2016, the remainder of affected Edinburgh citizens will not see the reduction in their benefit until early January 2017, as part of the phased roll out to local authority areas determined by Department of Work and Pensions (DWP).

This report updates the impact of the change to those households affected from 7 November 2016, and the mitigating actions being taken to support the transition of these citizens, as well details on further impact to those who will be affected from January 2017.

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Corporate Policy and Strategy Committee

Update on the National Benefit Cap in Edinburgh

1. Recommendations

- 1.1 It is recommended that the Corporate Policy and Strategy Committee:
 - 1.1.1 Note the impacts on citizens of the reduction of the national benefit cap; and
 - 1.1.2 Note the mitigating actions being undertaken by Edinburgh Benefit Cap Partnership.

2. Background

- 2.1 The benefit cap is a limit on the total amount of income from certain benefits a household can receive and was introduced in April 2013. If citizens receive more benefits than the cap allows then their Housing Benefit and Universal Credit (Housing Costs) will be reduced in line with this.
- 2.2 For a couple or single person with children the benefit cap is currently £500 per week. The limit for single people with no children is £350 per week. From autumn 2016 this has been reduced to £384 for a couple or single person with children and £258 for a single person.
- 2.3 The reduced benefit cap has been applied to those citizens capped under the former levels from 7 November 2016.
- 2.4 It is anticipated the Department of Work and Pensions (DWP) will provide details of the remaining citizens who will be subject to capping under the new rates for the first time in the second week in January. Affected citizens' housing benefit will be reduced from the Monday following the date this information is received.

3. Main report

- 3.1 The first phase of the extended benefit cap in Edinburgh has been received and affected citizens benefit have been updated. The breakdown per total weekly loss based on tenure type of affected citizens is as follows:

Tenure	Case Numbers	Total Weekly reduction in HB
CEC	10	1008.84
RSL	5	462.04
LHA	42	7308.00
PSL	8	1001.66
HOMELESS/HOSTEL	62	14868.52

- 3.2 To financially mitigate this first phase of extended capping would cost an additional £1.28m per annum.
- 3.3 To support transition of citizens currently in receipt of Discretionary Housing Payment (DHP) under the former policy as a result of benefit cap prior to the extension and reduction in financial limits have received additional awards to cover the reduction in benefit up to 31 December 2016. At this point the new DHP policy should apply, pending committee approval of the proposal to re-categorise applications for support due to benefit capping from 'will pay' to 'may pay' and a reassessment of awards to these individuals will be made in line with this.
- 3.4 The Council received information from DWP August 2016 which identified 894 tenants living in Edinburgh who will potentially be affected once the extended Benefit Cap is rolled out in Edinburgh in January 2017. This is inclusive of the first phase of citizens noted above.
- 3.5 A breakdown of affected citizen by housing tenure is as follows:

Tenure	No of Households Affected	% of All Benefit Cap cases
Temporary Accommodation	394	44
Mainstream Council Tenancies	154	17.2
Private Rented Sector	277	31
Housing Association	66	7.4
Private Boarder	3	0.3

- 3.6 The most recent indications from DWP project around 767 additional citizens will be affected by Benefit Cap to varying degrees from early January 2017. This data is subject to change as citizens move in and out of the benefit cap category dependent on personal circumstances.
- 3.7 Initial estimations show an average reduction in benefit of £81.57 per household. Based on information available, it is anticipated that full mitigation of the Benefit Cap in Edinburgh would cost in the region of £3.7m. The current DHP fund is insufficient to meet the costs of this particular welfare reform. Pending an anticipated additional allocation by Scottish Government, Edinburgh's estimated total DHP fund is £4.7m for 2016/17. The DHP spend and committed spend at 31 October 2016 sits at 90% of the total fund.
- 3.8 Limitations on financial mitigation for those subject to benefit cap mean it has been necessary to look at alternative solutions to support citizens through this transition.
- 3.9 DWP and the City of Edinburgh Council have collaborated to establish the Edinburgh Benefit Cap Partnership with key partners that can offer support to those subject to benefit cap. These include partners offering advice on finances, employability, childcare and disability support.
- 3.10 The Benefit Cap Partnership has held events for staff members from several of the city's associations and agencies, to ensure that there is a high standard of advice provision and support available for claimants. It has been agreed that a series of employability events will be organised across the city for claimants.
- 3.11 The first such event took place in the east of the city at the offices of Forth Sector on 17 November 2016. DWP invited citizens subject to capping to speak with organisations to support transition. This included housing providers, childcare representatives, employability support, and advice agencies.
- 3.12 Council Officers are working in partnership with DWP to ensure the data showing proposed capped individuals is accurate, ensuring those listed as potentially subject are offered a benefits health check to establish if liability to other benefits exists, potentially remove them from the category of benefit capping.
- 3.13 Officers from DWP are conducting visits to individuals in their homes to undertake this activity prior to the further extension of the benefit cap.
- 3.14 The City of Edinburgh Council has issued communications to citizens to ensure they are aware their benefit could reduce, and to ensure correct benefits in place by also offering benefit health check and directing to advice agencies. A leaflet detailing where they can seek help is included in the communication.

- 3.15 Housing providers have been made aware of individuals who are tenants and are engaging with these citizens to support transition, provide support and direct to advice services for benefit checkups.
- 3.16 The Welfare Reform team are working closely with colleagues in Communities and Families to identify potential vulnerable individuals and families currently receiving council support services to ensure they are offered appropriate levels of support.

4. Measures of success

- 4.1 The success of mitigating actions will be measured through customer satisfaction with awareness of advice, advocacy and employment services in Edinburgh. This includes increased benefit take up and minimised losses by ensuring citizens undertake benefit health checks.

5. Financial impact

- 5.1 The increasing numbers of people experiencing benefit cap could lead to a significant loss of income for households. This reduced income and the fact that the benefit reduced to bring citizens' income within the benefit cap is Housing Benefit and Universal Credit Housing Costs could see a loss of revenue for housing providers.
- 5.2 It is anticipated the greatest losses will be experienced in Temporary Accommodation whereby the right to accommodation is not based on the ability to pay. This will bring significant pressure to deliver this service in the face of reduced revenue.
- 5.3 Reduced income for citizens in the private rented sector could see an increase in those requiring temporary accommodation as a result of being unable to meet shortfalls between Housing Benefit and liable rent charges. This may result in an increase in evictions as a result of this. Citizens in this area will be limited in options to establish secure accommodation due to the average rent levels across the city.

6. Risk, policy, compliance and governance impact

- 6.1 The Council will ensure that as far as possible all citizens are made aware of the availability of the advice and support available to them.
- 6.2 The Council will continue to work with partners to ensure benefit cap is applied appropriately to individuals, identifying those inappropriately subject to capping to ensure they highlight their position with DWP.

- 6.3 The Council will ensure that it manages the DHP fund to ensure that support is directed to those most in need, but remains within budgeted spend and observes the constraints and obligations to direct funding as intended by Scottish Government and Central Government in their contributions to the fund.
- 6.4 A Quality Assurance Framework operates within the Benefits service area. This framework ensures that at least 4% of all decisions are checked for accuracy on a random sample basis. The results from the samples are reported back to Team Managers and Development staff within the area, to ensure benefit cap cases are dealt with appropriately.

7. Equalities impact

- 7.1 The UK Government has prepared Equalities and Human Rights assessments for the welfare reform proposals. The Council will undertake an EHIRA when necessary for any of its proposals.

8. Sustainability impact

- 8.1 Welfare Reform is expected to have general implications for environmental and sustainability outcomes, for example, in relation to fuel poverty.

9. Consultation and engagement

- 9.1 Ongoing consultation has been undertaken with housing providers to make them aware of the impacts related to the benefit cap and the inability to fully mitigate this. This message is also shared with private landlords through private rented sector publications.
- 9.2 Work is being undertaken in partnership with DWP to support citizens' transition through this change by providing budgeting advice and support to gaining employment. As well as this advice agencies are working to ensure that citizens who have been incorrectly classified as being subject to the cap are supported to have this corrected.

10. Background reading/external references

- 10.1 Corporate, Policy and Strategy Committee: 8 November 2016 – [Welfare Reform Update](#)

Hugh Dunn

Acting Executive Director of Resources

Contact: Neil Jamieson – Senior Manager, Customer

E-mail: neil.jamieson@edinburgh.gov.uk | Tel: 0131 469 6150

Contact: Sheila Haig – Customer Manager – Transactions – Assessment and Finance

E-mail: sheila.haig@edinburgh.gov.uk | Tel: 0131 469 5088

11. Links

Coalition pledges

Council outcomes

Single Outcome Agreement **SO2** – Edinburgh’s citizens experience improved health and wellbeing, with reduced inequalities in health

Appendices None