

Public Document Pack

Scrutiny Panel A

Thursday, 25th October, 2012
at 3.00 pm

PLEASE NOTE TIME OF MEETING

Conference Room 3 - Civic Centre

This meeting is open to the public

Members

Councillor Claisse
Councillor Daunt
Councillor Kaur
Councillor McEwing
Councillor Mintoff
Councillor Vinson
Councillor Whitbread

Contacts

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PUBLIC INFORMATION

Role of Scrutiny Panel A

The Overview and Scrutiny Management Committee have instructed Scrutiny Panel A to undertake an inquiry into Welfare Reforms Review.

Purpose:

Understand the timetable of welfare reforms and how the local impact can be assessed as part of Council Decision making.

Consider duties and responsibilities under the new legislation and identify opportunities for the co-ordination of current and future service delivery

Identify opportunities for policy development, with a particular focus on helping people into employment and tackling family breakdown:-

Southampton City Council's Six Priorities

- Providing good value, high quality services
- Getting the City working
- Investing in education and training
- Keeping people safe
- Keeping the City clean and green
- Looking after people

Public Representations

At the discretion of the Chair, members of the public may address the meeting about any report on the agenda for the meeting in which they have a relevant interest.

Smoking policy – the Council operates a no-smoking policy in all civic buildings.

Mobile Telephones – please turn off your mobile telephone whilst in the meeting.

Fire Procedure – in the event of a fire or other emergency a continuous alarm will sound and you will be advised by Council officers what action to take.

Access – access is available for the disabled. Please contact the Democratic Support Officer who will help to make any necessary arrangements.

Dates of Meetings: Municipal Year

2012	2013
25 October	10 January
22 November	7 February
6 December	7 March

CONDUCT OF MEETING

TERMS OF REFERENCE

The general role and terms of reference of the Overview and Scrutiny Management Committee, together with those for all Scrutiny Panels, are set out in Part 2 (Article 6) of the Council's Constitution, and their particular roles are set out in Part 4 (Overview and Scrutiny Procedure Rules – paragraph 5) of the Constitution.

BUSINESS TO BE DISCUSSED

Only those items listed on the attached agenda may be considered at this meeting.

RULES OF PROCEDURE

The meeting is governed by the Council Procedure Rules and the Overview and Scrutiny Procedure Rules as set out in Part 4 of the Constitution.

QUORUM

The minimum number of appointed Members required to be in attendance to hold the meeting is 3.

DISCLOSURE OF INTEREST

Members are required to disclose, in accordance with the Members' Code of Conduct, **both** the existence **and** nature of any "Disclosable Personal Interest" or "Other Interest" they may have in relation to matters for consideration on this Agenda.

DISCLOSABLE PERSONAL INTERESTS

A Member must regard himself or herself as having a Disclosable Pecuniary Interest in any matter that they or their spouse, partner, a person they are living with as husband or wife, or a person with whom they are living as if they were a civil partner in relation to:

(i) Any employment, office, trade, profession or vocation carried on for profit or gain.

(ii) Sponsorship:

Any payment or provision of any other financial benefit (other than from Southampton City Council) made or provided within the relevant period in respect of any expense incurred by you in carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.

(iii) Any contract which is made between you / your spouse etc (or a body in which the you / your spouse etc has a beneficial interest) and Southampton City Council under which goods or services are to be provided or works are to be executed, and which has not been fully discharged.

(iv) Any beneficial interest in land which is within the area of Southampton.

(v) Any license (held alone or jointly with others) to occupy land in the area of Southampton for a month or longer.

(vi) Any tenancy where (to your knowledge) the landlord is Southampton City Council and the tenant is a body in which you / your spouse etc has a beneficial interests.

(vii) Any beneficial interest in securities of a body where that body (to your knowledge) has a place of business or land in the area of Southampton, and either:

a) the total nominal value of the securities exceeds £25,000 or one hundredth of

- the total issued share capital of that body, or
- b) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you / your spouse etc has a beneficial interest that exceeds one hundredth of the total issued share capital of that class.

Other Interests

A Member must regard himself or herself as having a, 'Other Interest' in any membership of, or occupation of a position of general control or management in:

Any body to which they have been appointed or nominated by Southampton City Council

Any public authority or body exercising functions of a public nature

Any body directed to charitable purposes

Any body whose principal purpose includes the influence of public opinion or policy

Principles of Decision Making

All decisions of the Council will be made in accordance with the following principles:-

- proportionality (i.e. the action must be proportionate to the desired outcome);
- due consultation and the taking of professional advice from officers;
- respect for human rights;
- a presumption in favour of openness, accountability and transparency;
- setting out what options have been considered;
- setting out reasons for the decision; and
- clarity of aims and desired outcomes.

In exercising discretion, the decision maker must:

- understand the law that regulates the decision making power and gives effect to it. The decision-maker must direct itself properly in law;
- take into account all relevant matters (those matters which the law requires the authority as a matter of legal obligation to take into account);
- leave out of account irrelevant considerations;
- act for a proper purpose, exercising its powers for the public good;
- not reach a decision which no authority acting reasonably could reach, (also known as the "rationality" or "taking leave of your senses" principle);
- comply with the rule that local government finance is to be conducted on an annual basis. Save to the extent authorised by Parliament, 'live now, pay later' and forward funding are unlawful; and
- act with procedural propriety in accordance with the rules of fairness.

AGENDA

Agendas and papers are now available via the City Council's website

1 APOLOGIES AND CHANGES IN PANEL MEMBERSHIP (IF ANY)

To note any changes in membership of the Panel made in accordance with Council Procedure Rule 4.3.

2 ELECTION OF CHAIR AND VICE-CHAIR

To appoint a Chair and Vice-Chair to the Scrutiny Panel for this Municipal Year.

3 DISCLOSURE OF PERSONAL AND PECUNIARY INTERESTS

In accordance with the Localism Act 2011, and the Council's Code of Conduct, Members to disclose any personal or pecuniary interests in any matter included on the agenda for this meeting.

NOTE: Members are reminded that, where applicable, they must complete the appropriate form recording details of any such interests and hand it to the Democratic Support Officer.

4 DECLARATIONS OF SCRUTINY INTEREST

Members are invited to declare any prior participation in any decision taken by a Committee, Sub-Committee, or Panel of the Council on the agenda and being scrutinised at this meeting.

5 DECLARATION OF PARTY POLITICAL WHIP

Members are invited to declare the application of any party political whip on any matter on the agenda and being scrutinised at this meeting.

6 STATEMENT FROM THE CHAIR

7 WELFARE REFORMS INQUIRY MEETING 1: KEY NATIONAL AND LOCAL CHANGES

To consider the report of the Head of Customer and Business Improvement, examining the impacts of the Welfare Reforms and outlines the national and local changes, attached.

Wednesday, 17 October 2012

HEAD OF LEGAL, HR AND DEMOCRATIC
SERVICES

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DECISION-MAKER:	SCRUTINY PANEL A
SUBJECT:	WELFARE REFORMS INQUIRY MEETING 1: KEY NATIONAL AND LOCAL CHANGES
DATE OF DECISION:	25 OCTOBER 2012
REPORT OF:	SENIOR MANAGER, CUSTOMER AND BUSINESS IMPROVEMENT
STATEMENT OF CONFIDENTIALITY	
None	

BRIEF SUMMARY

This report provides details for the first meeting of the Inquiry examining the impacts of the Welfare Reforms and outlines the national and local changes. It also provides a timeline of key events and impacts.

The Cabinet Member for Resources will outline the administration's vision and approach to the Welfare Reforms. There will also be three presentations, followed by questions from the Panel. The presentations will highlight

- The national welfare benefit changes (Head of Operations, Job Centre Plus - Solent Hampshire and Isle of Wight)
- Local council tax changes (Council Tax Benefit Project Manager, Southampton City Council)
- The Social Fund transition to local provision (Senior Manager Skills and Economy, Southampton City Council).

RECOMMENDATIONS:

- (i) The Panel is recommended to consider the information provided by the Cabinet Member for Resources and presentations and use this, alongside the appendices, as evidence in the inquiry.

REASONS FOR REPORT RECOMMENDATIONS

1. To enable the Panel to analyse the evidence in order to formulate findings and recommendations at the end of the inquiry process.

DETAIL (Including consultation carried out)

2. The final Terms of Reference and Inquiry Plan were approved by the Overview and Scrutiny Management Committee on 16th August 2012. A draft Inquiry timetable is attached at Appendix 1.
3. The purpose of the Inquiry is to:
 - Understand the timetable of Welfare Reforms and how the local impact can be assessed, so that the finding's can inform the council's responses.
 - Consider duties and responsibilities under the new legislation and identify opportunities for the co-ordination of current and future service delivery.
 - Identify opportunities for policy development, with a particular focus on helping people into employment and tackling family breakdown.

4. The first meeting of the Inquiry therefore aims to help the Panel to understand the key national and local changes to be implemented through the Welfare Reforms Act (2012).
5. The Welfare Reform Act (2012) represents the biggest change to the welfare benefit system in 60 years. The welfare reforms are being implemented nationally with the aim of creating a simpler and fairer system and creating the right incentives to assist more people into work.
6. The Cabinet Member for Resources will make a brief statement outlining the administration's vision and approach for responding to the Welfare Reforms.
7. The Welfare Reforms cover a whole spectrum of welfare and housing benefits and will pave the way for the introduction of Universal Credit, which will replace means-tested benefits for people of working age from October 2013. The first presentation will be given by the Head of Operations, Job Centre Plus, who will highlight the key issues with regard to the national welfare reforms. An outline of the key changes and dates is attached in Appendix 2.
8. The Welfare Reform Act (2012) also brings changes to the way benefits are currently administered by local authorities. It abolishes both Housing Benefit (which will gradually be replaced by Universal Credit) and Council Tax Benefit (CTB).
9. The second presentation on local council tax changes will be given by the Council Tax Benefit Project Manager, Southampton City Council. The report considered by Cabinet on the local council tax support scheme consultation on 21st August is attached in Appendix 3.
10. The Welfare Reform Act (2012) abolishes the discretionary elements of the Social Fund from April 2013 and therefore Crisis Loans and Community Care Grants will no longer be available. In future the Government will be referring people who need emergency financial assistance to local authorities. A report on the Social Fund transition to local provision was considered by Cabinet on 16th October 2012. A copy of the report is attached at Appendix 4. Cabinet's decisions following this report will be reported verbally at the panel meeting.
11. The final presentation outlining the Social Fund transition will be given by the Senior Manager, Skills and Economy, Southampton City Council.
12. The Panel is invited to have a discussion on the changes to the national and local Welfare Reforms and their potential impact with the Cabinet Member for Resources and those giving evidence.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

14. None

RESOURCE IMPLICATIONS

Capital/Revenue

15. Not applicable

Property/Other

16. Not applicable

LEGAL IMPLICATIONS

Statutory Power to undertake the proposals in the report:

17. The duty to undertake overview and scrutiny is set out in Section 21 of the Local Government Act 2000 and the Local Government and Public Involvement in Health Act 2007.

Other Legal Implications:

18. None

POLICY FRAMEWORK IMPLICATIONS

19. None

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WARDS/COMMUNITIES AFFECTED:		All		

SUPPORTING DOCUMENTATION

Non-confidential appendices are in the Members' Rooms and can be accessed on-line

Appendices

1.	Timetable for Welfare Reforms Inquiry Plan
2.	Key changes and dates for the Welfare Reform Act
3.	Cabinet report: Local Council Tax Support – Proposed Scheme for Consultation
4.	Cabinet report: Social Fund Transition - Local Support to Replace Community Care Grants and Crisis Loans for Living Expenses

Documents In Members' Rooms

1.	Appendices to Cabinet report: Local Council Tax Support (Appendix 3) – Proposed Scheme for Consultation
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Appendix 1

TIMETABLE SCRUTINY PANEL A: WELFARE REFORMS REVIEW

Meeting Date/ time	Topic	Speakers/ Outline
17 th October	Additional Activity: Benefits Awareness Event	Benefit Awareness Event Launch of Call to Evidence
Meeting 1 25 th October	Welfare Reforms: The Key Facts What's happening and when?	Administration's Vision, priorities and approach (Cllr Letts) Overview of the Main National Changes (Bernadette Hagan: Job Centre Plus) Southampton Connect: Gateway to a Better Future Local Changes: <ul style="list-style-type: none"> • Localisation of Council Tax (Paul Medland) • Social Fund Transition (Denise Edghill)
15 th November	Call to evidence	Deadline for responses
Meeting 2 22 nd November (TBC)	Setting the Scene: Considering the drivers and background for welfare reforms change	Representation/reports from national organisations and local data/drivers <ul style="list-style-type: none"> • Centre for Social Justice • Institute for Public Policy Research (IPPR) • Joseph Rowntree Foundation • Indices of Multiple Deprivation 2010 and key local statistics
Meeting 3 6 th December (TBC) Potentially longer meeting Or carried forward to 10 th January	Local Impacts and Service Perspectives: Impacts on our local communities	An overview on the current and future impact of the welfare reforms from key anti-poverty services and residents perspective. Local case studies and impacts Potential speakers: <ul style="list-style-type: none"> • Key SCC departments eg Housing, Families Matter • Anti-poverty providers.
12 th December (TBC)	Additional Activity: Anti-Poverty Network	Q&A session with Anti-Poverty Network following call to evidence
13 th December AM (TBC)	Additional Activity: Gateway to a Better Future	Southampton Connect Priority Project: Gateway to a Better Future Joint meeting TBC
Meeting 4 10 th January (TBC)	Overview of good practice locally and nationally: What do we do well as a city, what can we learn from others?	Representation from <ul style="list-style-type: none"> • Local projects and initiatives. • National projects and initiative.
Meeting 5 7 th February (TBC)	Workshop: Local responses and developing recommendations.	Clarify any outstanding issues Items carried forward from previous meetings
Meeting 6 7 th March (TBC)	Final Report	Agree final report and recommendations for consultation

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KEY CHANGES: WELFARE REFORMS

IN APRIL 2013:

Benefit Cap: A limit on the amount of benefit paid to out of work households, up to £500 for a couple or family, up to £350 for single people - this includes housing benefit but not Council Tax Benefit.

Bedroom Tax: A reduction in the amount of Housing Benefit for families living in council and housing association homes, with more bedrooms than the Government has allocated for their need.

Council Tax Benefit: The Government is abolishing the current national council tax benefit scheme. Instead, all councils will be introducing their own local scheme called Council Tax Support.

Social Fund: Social Fund - Crisis Loans and Community Care Grants will no longer be available.

FROM JUNE 2013:

PIP: A new Personal Independence Payment (PIP) will replace Disability Living Allowance (DLA).

FROM OCTOBER 2013:

Universal Credit: Will be a single unified, welfare benefit that will be paid to people of working age if they claim welfare benefit support. From October 2013 it will begin to replace many of the means tested or income assessed benefits such as: Housing Benefit, Job Seekers Allowance, Working Tax Credit, Child Tax Credit, Employment Support Allowance.

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Appendix 3

DECISION-MAKER:	CABINET
SUBJECT:	LOCAL COUNCIL TAX SUPPORT – PROPOSED SCHEME FOR CONSULTATION
DATE OF DECISION:	21 AUGUST 2012
REPORT OF:	CABINET MEMBER FOR RESOURCES
STATEMENT OF CONFIDENTIALITY:	
Not applicable.	

BRIEF SUMMARY:

The current Council Tax Benefit (CTB) scheme is to be abolished from April 2013 and replaced with a Local Council Tax Support scheme. People of pensionable age are protected, but the Council must design its own scheme for people of working age. This report proposes a draft scheme for Southampton that can be issued for consultation.

Following the consultation process the legislation will require Full Council to adopt a Local Council Tax Support Scheme by the end of January 2013 – to be implemented for the following financial year starting 1st April 2013 it is anticipated that Special meeting of full Council will therefore need to be arranged for January 2013.

The Government's guidance to local authorities is that the schemes must:

- Support the Government's welfare reform process and compliment rather than compromise the new Universal Credit
- Include elements which support and make people better off in work
- Ensure that vulnerable groups are considered and protected as appropriate.

The Council will receive at least 10% less from central government to fund the new scheme and there will be additional costs in collecting the tax. Given the Council's financial position, there is no alternative but to pass on that impact to affected households in the city by restricting the amount of Council Tax Support granted. There are other financial pressures arising from the change for which a prudent allowance must be made including: a possible increase in the council tax in April; an increase in take-up and the likelihood of a lower collection rate. To contain these effects without impacting on the Council's other services the proposed Council Tax Support scheme is designed to be self-funding. This means that people of working age can expect to receive 25% less towards their council tax – many having to pay for the first time.

RECOMMENDATIONS:

- (i) To note the Draft Council Tax Reduction Schemes (Default Scheme) Regulations (the Default Scheme Regulations) as issued by the Department for Communities and Local Government as set out in Appendix 1.
- (ii) To approve the draft Southampton City Council 'Council Tax Support Scheme' (the Default Scheme as set out in Appendix 1, with the variations and additions set out in Appendix 2) for the purpose of public consultation.

- (iii) To delegate authority to the Head of Finance and IT, following consultation with the Cabinet Member for Resources, to do anything necessary to publish and consult on the draft Scheme as approved.
- (iv) To delegate authority to the Head of Finance and IT, following consultation with the Cabinet Member for Resources, to amend the draft Scheme to take into account consultation responses received, Impact Assessments conducted by the Council or changes required to give effect to any new legal requirements or statutory guidance published in relation to Local Council Tax Support Schemes, prior to recommending a Scheme for approval by Council.
- (v) To note that it is proposed that a special meeting of Council will be arranged in January 2013 to agree the final scheme for implementation from 1 April 2013.
- (vi) To note the implementation timeline as set out in Appendix 5.

REASONS FOR REPORT RECOMMENDATIONS:

1. Subject to the Local Government Finance Bill completing its passage through Parliament, the Council will be required to adopt a Council Tax Support Scheme by the end of January 2013. Before that it must publish a draft scheme and have consulted major preceptors and other people who may have an interest in the operation of the scheme.
2. Given the tight timescales for implementation, and the facts that legislation is not yet in place and guidance is still being received; it is necessary to allow for some flexibility in the design of the scheme and in the consultation, which is achieved by the delegation to the Head of Finance and IT in consultation with the Cabinet Member for Resources in recommendation (ii).

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED:

3. The option of fully or part funding the scheme to reduce the impact on households has been considered but rejected because of the financial cost and the consequent impact on other Council services.
4. Various options for the design of the Council Tax Support scheme (set out in appendix 4) have been considered and rejected as:
 - Introducing unacceptable inequalities in their impact.
 - Reducing the incentive to work or save.
 - Bringing additional financial risks.
 - Resulting in additional administration.

DETAIL (Including consultation carried out):

5. The Welfare Reform Act 2012 abolishes both Housing Benefit (which will gradually be replaced by Universal Credit) and Council Tax Benefit (CTB). The Local Government Finance Bill, which is currently working its way through Parliament, provides for the introduction of local Council Tax Support (CTS) schemes as a replacement for CTB to be administered by Local Authorities from 1st April 2013.
6. The Council must adopt a CTS scheme by the end of January 2013. Before then it must consult major preceptors (for Southampton this is the Police and Fire and Rescue authorities), publish a proposed scheme and consult other people it considers are likely to have an interest in the operation of the

scheme. If the Council fails to adopt a scheme then a “default” scheme is imposed by the Department for Communities and Local Government (DCLG). Effectively this is the same as the current CTB scheme.

7. CTB has previously been fully funded by the Department for Work and Pensions. However, under the new arrangements, that funding will be reduced by 10% based on anticipated expenditure in 2013/14. In Southampton this reduction is expected to be around £1.9 million, although the final figure is not yet known.
8. There is the option to implement a local scheme which does not pass on this funding cut to those currently eligible for CTB. However, the cost of this protection would fall on the General Fund and either be borne by council tax payers, or reduce the funding available for other services. These are seen as unacceptable alternatives.
9. The Government’s aims in localising council tax support are:
 - As part of the wider policy of decentralisation, to give local authorities increased financial autonomy and a greater stake in the economic future of their local area;
 - To give local authorities a strengthened financial stake in ensuring that local schemes lift the poorest off benefits and support them into work. Delivering the positive incentives to work that will reduce poverty and reliance on council tax support in the long term.
10. The Council is not permitted to reduce council tax support for people of pensionable age. The Government is retaining default national rules for pensioners with eligibility and rates defined in broadly similar regulations as those for CTB. This means that any reductions in support to enable a scheme to be self-funding have to fall disproportionately on people of working age.
11. In designing schemes for people of working age, the Government has reminded authorities of their statutory responsibilities, including:
 - The Equality Act 2010;
 - The Child Poverty Act 2010;
 - The Armed Forces covenant;
 - Housing Act 1996
12. The Council has 27,622 Housing Benefit (HB) and Council Tax Benefit (CTB) claimants. Most of these are joint claims for both benefits and 24,100 include claims for CTB. Of these 15,000 are working age. This means that approximately 15% of all households in Southampton will be affected. Generally HB and CTB are claimed jointly and this will continue for the first year of CTS. After this, Universal Credit will start being rolled out and separate claims may be needed.

Designing a Council Tax Support Scheme for Southampton.

13. To avoid undesirable impacts on other services the proposed Southampton Council Tax Support Scheme is designed to be self-funding. In achieving this aim the following have been taken into account:
 - The reduction in Government funding of £1.9million;
 - An allowance for a potential increase in council tax of up to 3.5% (the

maximum allowed in 2012/13 without calling a referendum under the Local Government Finance Act 1992 as amended by the Localism Act 2011– the 2013/14 figure is not yet known);

- An allowance for a reduced council tax collection rate as more money is to be collected from the poorest households in Southampton;
- An allowance for increased take up due to the additional publicity surrounding the new scheme.

For each of these factors we do not yet have actual figures and have worked on prudent best estimates.

14. The timescale allowed for the implementation of CTS is very challenging. Designing a complex scheme is risky and in any event our software suppliers (in common with the rest of the market) have been clear that a scheme that departs substantially from the current CTB rules cannot be implemented in time. The Southampton scheme has therefore been designed to be as straightforward as possible to implement and is closely based on the existing Council Tax Benefit scheme by using the DCLG default scheme as its basis.
15. Consideration has been given to whether there should be protection from the scheme changes for individuals or groups (other than people of pensionable age who are already protected by the legislation). If the fundamental principle of the scheme being self-funding is maintained, it is important to understand that any protection given must inevitably result in a reduction in the support given to other claimants.
16. The only group protected in this proposal are those in receipt of a war pension or war widow's pension (or an equivalent benefit). Currently the Council exercises its discretion to disregard some income for this group and this will continue and their level of support will be maintained.
17. The proposed Southampton Council Tax Support Scheme is formally set out in Appendix 2, but is in brief:
 - The level of support will be calculated in accordance with the Government default scheme but then reduced by 25% so as to achieve the self-funding as set out in paragraph 13 above.
 - Claimants in receipt of a war pension or war widow's pension will have that income disregarded and will not have their Council Tax Support reduced by the 25%. They will therefore be unaffected by the introduction of the new scheme.

Appendix 3 gives a table which shows the impact of the scheme on a range of claimant groups.

18. There will also be a discretionary fund to ensure that the most vulnerable can access additional support in exceptional circumstances.
19. Appendix 4 sets out other options for the scheme that were considered but rejected.

20. In addition to the requirements set out in paragraph 11, it is recognised that the combined effects of the wider reform package on residents of the city require a robust Equalities Impact Assessment. An initial assessment has been drafted which will be developed and honed throughout the consultation period and a completed Equalities Impact Assessment will be included with the proposed final scheme which is anticipated will be determined by full Council in January.
21. The Council may amend its Council Tax Support scheme annually and it is recommended that the proposed scheme is reviewed for the 2014/15 financial year. By this time there should be more options open to the Council in the scheme design and there will be hard information available on the caseload and collection rate impacts.

The Consultation and Communication Process

22. The legislation sets out the consultation process as:
- Consult any major precepting authority which has the power to issue a precept to it;
 - Publish a draft scheme in such manner as it thinks fit and
 - Consult such other persons as it considers are likely to have an interest in the operation of the scheme.

The Council must take these steps in the order set out.

23. Informal consultation with the Police and Fire and Rescue authorities has already started and this will be formalised prior to the scheme being published immediately following this Cabinet meeting. Wider consultation will then commence during September and a period of 12 weeks will be allowed for this part of the process.
24. Basic details of the Southampton draft scheme will be provided to all consultees and it will be made clear that full details will be available on the Council's web site or can be provided as a hard copy or in other formats on request. It is anticipated that all affected CTB recipients will be sent a letter to alert them to the proposals. Other persons who are likely to have an interest and so will be included in the consultation include:
- Landlords
 - Advice agencies
 - Southampton Connect
 - Members of the Anti-Poverty network
 - Representatives of any special interest groups not already covered.

The consultation mechanisms are still to be finalised.

25. Following the consultation process, the Head of Finance and IT, following consultation with the Cabinet Member for Resources, will amend the draft scheme as necessary taking account of:
- The consultation responses received;
 - The Equalities Impact Assessment;
 - The latest information from the DCLG on the funding to be provided;

- Any amendments made to relevant legislation;
- The best available estimates of caseload and collection rate.
- The anticipated increase in council tax (if any).
- Any upratings of welfare benefits proposed by the Government which take effect on or after 1st April 2013.

It is anticipated that the revised scheme will then be considered at a special Council meeting to be held in January 2013. A timeline setting out the main activities is attached as Appendix 5.

26. An article designed to raise awareness of the change has been included in the next edition of CityView. There are many other changes to welfare provision over the months leading up to the next financial year and a coordinated communication plan is being designed and implemented.

Administration of the Scheme

27. There are a number of administrative aspects to be considered before the scheme is implemented, some of which require more detail from the Government before arrangements can be completed. As examples these include: requirements for evidence; notification letters; claim periods and the operation of appeals. A project team is in place to handle these matters through to implementation.
28. Similarly the working of the discretionary fund needs to be further developed before implementation. Currently it is envisaged that decisions on eligibility will be made by the group of officers currently responsible for Discretionary Housing Payments and that they will follow similar criteria. The discretionary fund does not form part of the Council's CTS scheme and so will not be subject to the same rights of appeal.
29. The Government has been clear that it intends to allow CTB recipients to be automatically transferred to CTS on 1st April 2013, without having to make a further claim.
30. During 2013/14, the Council will still be administering Housing Benefit. The majority of claimants currently receiving Housing Benefit also receive Council Tax Benefit and the two are generally administered together. It is considered cost effective to continue to use the same processes and rules as far as possible for the assessment of both benefits until Housing Benefit is abolished in a few years time.
31. For the moment, the familiar schemes of Department of Work and Pensions (DWP) means-tested benefits – Income Support, income-based Jobseeker's Allowance and income-related Employment and Support Allowance – continue. The present Council Tax Benefit scheme uses the means test carried out for these benefits rather than carrying out a second means test and people on these benefits are "passported" to Council Tax Benefit. It is considered best to continue to use the results of DWP means-testing as far as possible rather than carry out an additional full Council means test., To ease administration and the need for people to repeatedly provide the same information to various public bodies, the Government intends to allow data sharing with the DWP. The extent to which this will be possible has not yet been fully determined.

RESOURCE IMPLICATIONS:

Capital/Revenue:

32. As set out in the paragraphs above, CTB has previously been fully funded by the Department for Work and Pensions and the Council's grant will be reduced by 10% based on anticipated expenditure in 2013/14. In Southampton this reduction is expected to be around £1.9 million although the final figure is not yet known.
33. The scheme itself is designed to be self-funding through reductions in the level of Council Tax Support payable, compared to the Council Tax Benefit currently awarded. However there are some risks that must be acknowledged. These are:
- The potential for an increased caseload due to the economic climate. DCLG projections are that caseload will be reducing over the next few years as the effects of the recession recede. This is far from certain and as a contingency, it has been assumed that the number of people entitled will remain static. However, the possibility that the recession will deepen remains.
 - The potential for increased take-up. Council Tax Benefit is the most under-claimed benefit, particularly amongst pensioners. The publicity around this change may result in an increase in claims. It is difficult to project what this may mean but as a contingency an increase in caseload has been assumed.
 - A reduction in the council tax collection rate. The amount that must be paid by some of the poorest people in our community will be increase and many people will be asked to pay council tax for the first time. There is no way to know for sure how much of this additional debt will be collectable.
34. The DCLG has awarded an implementation grant of £83,000 to all authorities to assist with implementation costs and a further grant is expected in future, although the amount is not yet known. Based on past experience, it is currently anticipated that our implementation costs will be covered by these grants, subject to the design of the final scheme adopted.

Property/Other:

35. There should be no implications for Property.

LEGAL IMPLICATIONS:

Statutory power to undertake proposals in the report:

36. The requirement to introduce a local council tax support scheme is contained in the Local Government Finance Bill which is currently progressing through the Parliamentary process. Royal Assent is expected in October. The detailed requirements of the schemes will be contained in regulations, drafts of which have been issued by the Department for Communities and Local Government.

Other Legal Implications:

37. As set out in the detail section of the report

POLICY FRAMEWORK IMPLICATIONS:

38. The reduction in income of a substantial proportion of the poorest households in Southampton is likely to impact on some of the plans and strategies that make up the Policy Framework in ways that are difficult to anticipate in advance. For example, the Children and Young People's Plan has as a priority "we will significantly reduce the number of children and young people living in poverty". The change from CTB to CTS is likely to be detrimental to that aim. A final decision in relation to any Policy Framework Implications will be addressed in the report to Council in January 2013.

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KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	All
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SUPPORTING DOCUMENTATION

Non-confidential appendices are in the Members' Rooms and can be accessed on-line

Appendices:

1.	Draft Council Tax Reduction Schemes (Default Scheme) Regulations
2.	Draft Southampton City Council Tax Support Scheme.
3.	Proposed Council Tax Support Scheme for Southampton:- Impact on claimant groups compared to existing Council Tax Benefit Scheme (CTB).
4.	Other scheme options considered.
5.	Timeline to Implementation

Documents In Members' Rooms:

1.	None.
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Integrated Impact Assessment

Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out.	Yes
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Other Background Documents

Integrated Impact Assessment and Other Background documents available for inspection at Local Taxes and Benefits Team, 4th Floor, One Guildhall Square, Southampton, SO14 7FP:

Title of Background Paper(s)

Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

1.	<p>DCLG publications:</p> <ul style="list-style-type: none"> • Localising support for council tax: Explanatory Note on Draft Regulations • Localising support for council tax: Draft Council Tax Reduction Schemes (Default Scheme) Regulations • Localising support for council tax: Draft Council Tax Reduction Schemes (Prescribed Requirements) Regulations • Localising support for council tax: A statement of intent on information sharing and powers to tackle fraud • Local Government Finance Bill: Localising support for council tax - Updated impact assessment • Localising Support for Council Tax - Taking work incentives into account • Localising Support for Council Tax Vulnerable people - key local authority duties • Localising Support for Council Tax: A Statement of Intent • Localising Support for Council Tax: Funding arrangements consultation • Localising support for council tax in England: Consultation • Localising support for council tax in England: Government's response to the outcome of consultation 	
2.	<p>Management Board of Directors report on Local Council Tax Support 24th July 2012</p>	

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Agenda Item 7

Appendix 4

DECISION-MAKER:	CABINET
SUBJECT:	SOCIAL FUND TRANSITION: LOCAL SUPPORT TO REPLACE COMMUNITY CARE GRANTS AND CRISIS LOANS FOR LIVING EXPENSES
DATE OF DECISION:	16 OCTOBER 2012
REPORT OF:	CABINET MEMBER FOR COMMUNITIES
STATEMENT OF CONFIDENTIALITY:	
None.	

BRIEF SUMMARY:

The Welfare Reform Act (2012) abolishes the discretionary elements of the Social Fund from April 2013 and therefore, Crisis Loans and Community Care Grants will no longer be available. In future the Government will be referring people who need emergency financial assistance to local authorities. The Government has decided that it would not be appropriate to place a new duty on local authorities in respect of new emergency provision so that there is flexibility to creatively re-design emergency provision to meet local needs. Although the financial settlement for councils in 2013/14 will include an element for emergency provision, the Government has decided not to ring fence this funding. There is also no guarantee of this funding beyond 2014/15.

As the guidance from the Government on 'successor models' is limited, this report requests delegated authority to the Director of Environment and Economy to develop a sustainable local response to enable people to become more self reliant in the future. The local response will take into consideration the work of the Scrutiny Inquiry on Welfare Reforms and assessment of agencies on the impact of Welfare Reforms locally.

RECOMMENDATIONS:

- (i) To note the letter from the Department of Work and Pensions (DWP) about the abolition of the Social Fund attached at Appendix 1 and that the Council's financial settlement will include an un-ringfenced element for local welfare provision which is not guaranteed after 2014/15.
- (ii) To consider the work of the Scrutiny Inquiry on Welfare Reforms and multiagency local assessment on the impact of the Welfare Reforms on local residents and services in developing a way forward.
- (iii) To delegate authority to the Director for Environment and Economy, following consultation with Cabinet Member for Communities and Cabinet Member for Resources, to develop and implement a sustainable and holistic way forward that enables vulnerable residents to become more self reliant in the future.

REASONS FOR REPORT RECOMMENDATIONS:

1. The Government has abolished the discretionary elements of the Social Fund and in future will be referring people who need emergency financial assistance to Local Authorities. The Government has decided that it would not be appropriate to place a new duty on local authorities in respect of new emergency provision so that there is flexibility to creatively re-design emergency provision to meet local needs.

2. The current scheme will no longer be available from April 2013 and therefore, the Council has to decide on the way forward to help local people become more self reliant when facing financial crises. As the funding is not guaranteed after 2014/15, it will be important to develop a holistic and sustainable way forward, bearing in mind the potential impacts of Welfare Reforms and reduction in public services. This is better done following full consideration of local assessments of the cumulative impact of the Welfare Reforms locally and the planned Scrutiny Inquiry work, to enable the development of an effective, co-ordinated and sustainable response and hence the recommendation is to request delegated authority to the Director for Environment and Economy to develop the way forward.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED:

3. To not undertake work on developing a local response would reduce effectiveness and capacity in the City to coordinate support to people in crisis and help them to become more self reliant.

DETAIL (Including consultation carried out):

4. The Government has abolished the discretionary elements of the Social Fund and in future, will be referring people who need emergency financial assistance to Local Authorities. The Government has decided that it would not be appropriate to place a new duty on local authorities in respect of new emergency provision so that there is flexibility to creatively re-design emergency provision to meet local needs. The current scheme will no longer be available from April 2013.
5. The letter received from the Government is attached at Appendix 1 and details the main changes and the Government's intentions. The Cabinet is recommended to note the letter from the Department of Work and Pensions about the abolition of the Social Fund attached at Appendix 1 and that the Council's financial settlement will include an un-ringfenced element for local welfare provision which is not guaranteed after 2014/15.
6. From April 2013, Crisis Loans and Community Care Grants will no longer be available. Crisis Loans and Community Care Grants were designed to provide essential support for people on low incomes to enable them to manage one-off items of expenditure and provide emergency financial support. The Government's intention is that these elements will be replaced with a combination of locally-based provision alongside a new nationally administered scheme that will provide an advance of benefit facility (i.e. for the existing Crisis Loans alignment payments, interim payments of benefit as well as Budgeting Loans).
7. Local authorities are being given flexibility in how they redesign emergency provision and this represents both a challenge and an opportunity. While on one hand it enables the development of a more responsive and locally integrated service, this has to be developed in a sustainable way as the funding is not guaranteed beyond 2014/15. In addition, the notional figure included for Southampton is less than the total allocation in previous years.

8. Any local response therefore has to consider the following:
 - (i) How to enable people to become more self reliant at dealing with emergency situations
 - (ii) How to maximise existing funding streams to develop holistic solutions
 - (iii) How can the local response be embedded in the wider response to the Welfare Reforms and their impact
9. Crisis Loans and Community Care Grants have historically provided vulnerable residents access to get timely support to prevent or deal with crisis, thus reducing the need for more costly crisis intervention by the Council. The Government's notional allocation to councils has been made on the basis of expenditure in 2009/10.
10. Community Care Grants are non-repayable grants, primarily intended to support vulnerable people to return to, or remain in the community, or to ease exceptional pressures on families (including avoiding violence, help after leaving care or leaving prison). In 2009/10, over 950 awards were made in Southampton and the average amount was £360. Eligibility is conditional on receipt (or imminent receipt) of an income related benefit and covers costs such as: furniture, cookers, beds, bedding and household equipment, floor covering, curtains and heaters; moving expenses, including removal costs, fares and storage charges; clothing and footwear; items needs because of disability (including wheelchairs, stair-lifts, special clothing, an orthopaedic mattress or an upright chair).
11. Crisis Loans are interest free and available to anyone who cannot meet their immediate short-term need in an emergency or as a consequence of a disaster; for example:- providing daily living expenses, rent in advance, board and lodgings, pre-paid meter fuel debts, and furniture and clothing in a disaster. Re-payments are recovered directly from benefits where possible and arrangements are made for repayment from those not on benefits. In 2009/10, over 7,500 awards were made in Southampton. The average amount was £52.
12. Nationally, demand for support via discretionary payments from the Social Fund has increased substantially since 2006/7. The cumulative impact of the Welfare Reforms and the ongoing economic situation could potentially create an increase in need and demand for crisis/emergency financial support locally. This change comes in at the same time as the Localisation of Council Tax Benefit and the Benefit Cap (April 2013). In this context it is even more important to take the opportunity to consider a longer term response which is not built on the current practice so that people can be supported to become more self-reliant.
13. Guidance for local authorities on 'successor models' is limited and they are being given the flexibility to creatively re-design the emergency provision to meet severe hardship for vulnerable groups according to local circumstances. There is no expectation or desire from central government that the new local services will mirror the current Social Fund schemes.

14. The DWP has held workshops to consider how to support local authorities in the developing successor models. They have identified four main design options that most councils are considering:
- Create a new service
 - Align and combine the funding to existing services and duties
 - Contract with new or existing external partners
 - A mixture of the above
15. The Council's response to abolition of Social Fund needs to be set within the broader agenda of the Welfare Reforms. This needs to consider the following:
- a. Initial discussions have taken place on the impact of the abolition of Social Fund has been undertaken via the Southampton Anti-Poverty Network and with organisations who work with the most vulnerable groups, identified as current users.
 - b. A cross Council Working Group has also been established to identify demand and future need for emergency financial help and to research options.
 - c. The Jobcentre Plus-led Southampton Connect project: Gateway to a Better Future (which aims to communicate the impact of welfare benefit changes in relation to vulnerable residents so that informed choices can be made about their lives)
 - d. A Welfare Reforms Scrutiny Inquiry which aims to:
 - understand the current and future cumulative impact of the reforms and consider residents experiences.
 - identify any gaps in knowledge and understanding of the local impacts on residents.
 - clarify the role of Council and key partners in communicating the changes to residents.
 - clarify the Council's and key partners current and future role in mitigating negative impacts of the reforms.
16. As it is important for the Council's response to be informed by the work describe above, it is recommended to:
- consider the work of the Scrutiny Inquiry on Welfare Reforms and multiagency local assessment on the impact of the Welfare Reforms on local residents and services in developing a way forward
 - delegate authority to the Director for Environment and Economy, following consultation with Cabinet Member for Communities and Cabinet Member for Resources, to develop and implement a sustainable and holistic way forward that enables vulnerable residents to become more self reliant in the future

RESOURCE IMPLICATIONS:

17. The Council's allocation will be received in the form of a ring-fenced grant to cover set-up costs in (2012/13) and programme funding and administration for 2013/14 and 2014/15. Government's intension is that the funding is to

be used to provide new provision. However, the details of the way forward will need to be agreed before the financial implications can be determined, especially as the grant is non-ring fenced. It will also be prudent to be cautious in ensuring the Council does not raise expectations as this funding will not be available beyond 2014/15 and the way forward must be based on future sustainability and affordability.

Capital/Revenue: None.

Property/Other: None.

LEGAL IMPLICATIONS:

Statutory power to undertake proposals in the report:

18. Welfare Reform Act (2012) abolishes the current Community Care Grant and Crisis Loan schemes.

Other Legal Implications:

19. Statutory duties include:
- The public sector Equality Duty (The Equality Act 2010)
 - The duty to mitigate the effects of child poverty (The Child Poverty Act 2010);
 - The duty to prevent homelessness (The Housing Act 1996).

POLICY FRAMEWORK IMPLICATIONS:

20. Economic Development

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KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	All
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SUPPORTING DOCUMENTATION

Appendices:

1.	Settlement Letter (DWP)
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Documents In Members' Rooms:

	None
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Integrated Impact Assessment

Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out.	Yes
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Other Background Documents

Integrated Impact Assessment and Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	None

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