

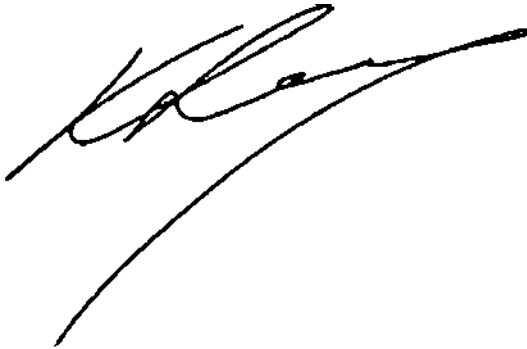
# Foreword

The aim of this guide is to explain the financial implications for local authorities of welfare reform. The focus is on broad financial consequences at the strategic level, rather than the detailed rules for specific benefits. The guide looks more widely than the cost of benefits and their administration, examining areas where there is likely to be a knock-on service effect and indirect financial implications.

The task of financial planning for these changes is considerable. Authorities have already introduced their own local council tax reduction schemes to replace the former national scheme of council tax benefit. They have also implemented a considerable range of benefit restrictions.

They now need to manage – against an uncertain timetable – the transition from locally administered housing benefit to a government-operated Universal Credit system.

The Local Authority Housing Panel has produced this guide to assist authorities in delivering this challenging agenda. Special thanks are due to Sheldon Wood from CIPFA for reviewing the draft and making numerous helpful suggestions and improvements.

A handwritten signature in black ink, appearing to read 'Ken Lee', with a long, sweeping underline that extends to the right.

**Ken Lee**

Chair, CIPFA Local Authority Housing Panel

# Contents

<b>CHAPTER ONE: INTRODUCTION AND OVERVIEW.....</b>	<b>1</b>
WELFARE REFORM.....	1
UNIVERSAL CREDIT.....	2
HOUSING BENEFIT, LOCAL HOUSING ALLOWANCE AND THE TRANSFER TO UNIVERSAL CREDIT.....	3
COUNCIL TAX REDUCTION SCHEMES.....	5
DISCRETIONARY HOUSING PAYMENTS.....	6
LOCAL WELFARE PROVISION AND THE SOCIAL FUND.....	7
LOCAL SUPPORT SERVICES PARTNERSHIPS.....	8
BENEFITS CAP.....	10
<b>CHAPTER TWO: THE IMPACT OF WELFARE REFORM ON LOCAL AUTHORITY SERVICES.....</b>	<b>11</b>
THE INTRODUCTION OF PERSONAL INDEPENDENCE PAYMENTS.....	11
CLIENT CONTRIBUTIONS AND OTHER SOCIAL SERVICES IMPACTS.....	11
HOMELESSNESS RESPONSIBILITIES.....	12
SUPPORTED EXEMPT ACCOMMODATION.....	15
A NEW DEFINITION OF 'SPECIALIST ACCOMMODATION'.....	16
INCOME MANAGEMENT AND DEBT RECOVERY.....	17
<b>CHAPTER THREE: THE RANGE OF HOUSING BENEFITS.....</b>	<b>19</b>
HOW A HOUSING BENEFIT CLAIM IS MADE AND PROCESSED.....	19
WHEN CAN A CLAIM BE BACKDATED?.....	19
WHEN DOES AN EXTENDED PAYMENT ARISE?.....	20
RENT ALLOWANCES.....	20
LOCAL HOUSING ALLOWANCE.....	21
RENT REBATES.....	22
NON-HRA RENT REBATES.....	23
SIZE CRITERIA IN THE SOCIAL RENTED SECTOR.....	24
THE BENEFITS CAP AND DEDUCTIONS FROM HOUSING BENEFIT.....	25
SERVICE CHARGE ELIGIBILITY FOR HOUSING BENEFIT.....	26
<b>CHAPTER FOUR: DISCRETIONARY HOUSING PAYMENTS.....</b>	<b>29</b>
THE SCHEME.....	29
RESTRICTION TO HOUSING BENEFIT AND UNIVERSAL CREDIT.....	29
PRIORITY USES OF DISCRETIONARY HOUSING PAYMENTS.....	29
HOW DISCRETIONARY HOUSING PAYMENTS ARE FUNDED.....	29
FINANCIAL MANAGEMENT ISSUES.....	30
<b>CHAPTER FIVE: BENEFIT TAKE-UP AND WELFARE RIGHTS.....</b>	<b>31</b>
THE NATIONAL PROBLEM OF BENEFIT TAKE-UP.....	31
TAKE-UP AGENDA FOR AUTHORITIES WITH SOCIAL SERVICES RESPONSIBILITIES.....	31

PASSPORTING TO OTHER BENEFITS AND CHARGING CONCESSIONS .....	32
FINANCIAL MANAGEMENT ISSUES .....	32
<b>CHAPTER SIX: BENEFITS ADMINISTRATION .....</b>	<b>33</b>
COMPONENTS.....	33
ADMINISTRATION GRANT.....	34
OTHER DWP FUNDING .....	35
ADMINISTRATION RESPONSIBILITIES .....	35
MEASURING ADMINISTRATION PERFORMANCE AND VALUE FOR MONEY.....	36
DELIVERY MODELS .....	37
FINANCIAL MANAGEMENT OF BENEFITS ADMINISTRATION.....	38
CONTINUING INVOLVEMENT OF LOCAL AUTHORITIES IN WELFARE SERVICES .....	39
<b>CHAPTER SEVEN: THE NET COST OF HOUSING BENEFIT .....</b>	<b>41</b>
SUBSIDY COMPONENTS.....	41
NON-SUBSIDY COMPONENTS .....	42
FINANCIAL MANAGEMENT OF THE NET COST OF BENEFITS.....	43
<b>CHAPTER EIGHT: FRAUD .....</b>	<b>45</b>
CLOSURE OF LOCAL FRAUD TEAMS .....	45
ADMINISTRATIVE PENALTIES.....	46
LOSS OF BENEFIT CHANGES FOR CLAIMANT FRAUD .....	46
COUNCIL TAX REDUCTION FRAUD.....	46
PREVENTION OF SOCIAL HOUSING FRAUD ACT 2013.....	47
THE FUTURE OF LOCAL AUTHORITY FRAUD DETECTION .....	47
<b>CHAPTER NINE: PERFORMANCE AND INSPECTION.....</b>	<b>49</b>
NATIONAL STATISTICS.....	49
LOCAL PERFORMANCE MEASUREMENT .....	49
DWP INSPECTION .....	50
THE PERFORMANCE DEVELOPMENT TEAM .....	50
<b>BIBLIOGRAPHY .....</b>	<b>51</b>
<b>APPENDIX 1: CHRONOLOGY OF WELFARE REFORM AND HOUSING BENEFIT FINANCIAL CHANGES.....</b>	<b>53</b>
<b>APPENDIX 2: HOUSING BENEFIT SUBSIDY RATES (ENGLAND) .....</b>	<b>55</b>
<b>APPENDIX 3: CALCULATION OF UNIVERSAL CREDIT ENTITLEMENT.....</b>	<b>57</b>
<b>APPENDIX 4: SIZE CRITERIA RULES IN THE SOCIAL RENTED SECTOR.....</b>	<b>61</b>
<b>APPENDIX 5: THE BENEFITS CAP .....</b>	<b>63</b>
<b>APPENDIX 6: LOCAL HOUSING ALLOWANCE CAPS .....</b>	<b>65</b>
<b>APPENDIX 7: ADMINISTRATION COSTS SUBSIDY .....</b>	<b>67</b>
<b>GLOSSARY.....</b>	<b>69</b>