

Welfare Reform – Potential Issues

Measure	Issues	Consequences	Prob-ability	Impact	Possible Mitigation	Possible LGA Actions
1. Introduction of £500/£350 benefit cap	1.1 Families move, no alternative accommodation available	1.1.1 Councils funding temporary or B&B accommodation	H	H	Publicise the new proposals widely and early. Ensure families aware of caps and when they will be implemented. Ensure advice available to help families budget within new financial envelopes. Plan ahead; identify alternative accommodation early.	Develop publicity material for councils to draw on in producing their own locally branded advice (as above).
	1.2 Families move to smaller/shared accommodation locally	1.2.1 Overcrowding	H	L	Councils identify families at risk of displacement early and where possible work with them to identify suitable alternative accommodation in the same locality.	LGA develop publicity material for councils to draw on in producing their own locally branded advice (as above).
	1.3 Families move to a cheaper locality	1.3.1 Children having longer journey to school 1.3.2 Mismatch between supply and demand for school places 1.3.3 Longer distances to	H	H	Councils identify families at risk of displacement early and where possible work with them to identify suitable alternative accommodation in the	LGA develop publicity material for councils to draw on in producing their own locally branded advice (as above). Encourage communication between councils and consideration of use of

Measure	Issues	Consequences	Prob-ability	Impact	Possible Mitigation	Possible LGA Actions
		<p>travel to find work</p> <p>1.3.4 Reduced social mix with concentration of benefit claimants and reduced ethnic mix</p> <p>1.3.5 Displacement of families from support networks</p> <p>1.3.6 Social services pressures in receiving areas</p>			<p>same locality so they don't have to move far.</p> <p>Where a move to a new area is required supplying and receiving councils work together both to minimise disruption to education and to identify suitable permanent accommodation</p> <p>Increase efforts to get a member of the household into work (part time sufficient), to avoid application of benefits cap</p> <p>Council's with a high proportion of low income BME residents take proactive stance towards the maintenance of community cohesion and monitor situation closely</p> <p>Early 'what if' planning and identification of possible alternative accommodation for schools at risk of overcrowding.</p> <p>DfE prepare to react at short notice, and in response to councils, to overcrowding in schools as a result of migration and transfer DSG funding from supply to receiver areas.</p>	<p>Knowledge Hub to share information between councils on general impact of benefit cap in localities.</p> <p>LGA work with DfE to plan for possible changes in the school age populations resulting from welfare reform and ensure the <i>Schools' places strategy</i> takes account of this potential population movement.</p> <p>Lobby on behalf of authorities at risk of overcrowding for increased funding to create more school places.</p>

Measure	Issues	Consequences	Probability	Impact	Possible Mitigation	Possible LGA Actions
	1.4 Single people move	1.4.1 Increase in rough sleepers 1.4.2 Increase in overcrowded HMOs with increased cost to councils from closer regulation. 1.4.3 Increase in requirement for temporary accommodation	M	M	Make advice available early for this age group. Publicity to enable people to plan ahead	Develop publicity material covering all aspects of the benefits cap (see actions below) for councils to draw on in producing their own locally branded advice. There might be mileage in seeking a partner, such as Citizens' Advice Bureau in order to reduce costs of production.
	1.5 Availability of information exchange mechanisms to administer cap	1.5.1 Delays in completing assessments 1.5.2 Inaccurate payments 1.5.3 Recovery of over payments	L	H	LAs proactively work with DWP and vice versa to ensure suitable arrangements for exchanging data with Job Centres + and HMRC in place in the event that formal IT systems unavailable so that accurate payments can be made Councils ensure processes in place to recover overpayments	LGA work with DWP to ensure the availability of reliable systems to exchange information between LAs/DWP/HMRC LGA work to support the exchange and sharing of information and advice between councils to resolve procedural problems where they arise. LGA work with DWP to ensure any costs associated with changes to IT systems are recognised as new burdens LGA work with DWP to ensure any costs to councils associated with changes to IT systems are recognised as new burdens
2. Merger of HB into UC	2.1 Rundown of council capacity	2.1.1 Possible redundancy/pension strain costs 2.1.2 Possible TUPE issues 2.1.3 Redistribution/reduction of overheads	M	H	Councils undertake early planning to reduce staff as much as possible by natural wastage. Councils budget for increased redundancy and pension strain costs.	Continue to work with DWP on behalf of councils for continuing role in the assessment for and payment of benefits. LGA work with DWP to cover additional costs of redundancy/redeployment

Measure	Issues	Consequences	Probability	Impact	Possible Mitigation	Possible LGA Actions
	2.2 Increase in housing rent arrears	2.2.1 Cost of collecting arrears 2.2.2 Cash flow challenges, reduction in operating profits and reserves 2.2.3 Reduced opportunities for housing providers to secure capital at favourable rates	M	H	Early publicity by councils and RSLs to recipients of HB of changes, possible impact and advice on how to mitigate impact to try to reduce rent arrears. Establishment of earmarked reserves in housing assoc and other RSLs to cover risk of increased debt	LGA develop publicity material for councils to draw on in producing their own locally branded advice. (see comments above) LGA lobby DWP/CLG to acknowledge this risk and provide some degree of additional support to housing providers Work with banks to promote continued confidence in the financial security of HAs and other housing providers.
3. HB no longer covers the full cost of specialist accommodation	3.1 Reduction in supported housing providers	3.1.1 Reduction in supply of supported accommodation 3.1.2 Increased care costs 3.1.3 People unable to maintain independence	M	M	Encourage the use of Personal Budgets to supplement benefits and help fund appropriate accommodation	LGA make a case to get the cost to councils of providing additional help, over and above the standard LHA, for those in need of more intensive levels of support, recognised as a new burden.
4. CTB localisation	4.1 10 % reduction in budget with protection for old and vulnerable	4.1.1 Working poor disproportionately affected	H	M	Councils assess whether it might be more cost effective to support some families from elsewhere in the budget rather than risk families ultimately requiring potentially more expensive alternative support.	LGA and LAA/DWP SG work with CLG over grant distribution to seek a fair apportionment of the desired saving, so that councils with a high proportion of pensioner and vulnerable claimants receive sufficient grant to continue to pay claims to non protected groups.
	4.2 Increase in council tax arrears	4.2.1 Unplanned reductions in income for LAs	M	M		
	4.3 Increase in collection costs	4.3.1 Increased financial pressures on billing authorities	H	M		Attempt to capture increased costs and work with CLG to get them recognised as increased burden.
	4.4 IT system availability	4.4.1 Difficulties with administering localised support 4.4.2 Cost of procuring new IT systems	H	H	Engagement of IT suppliers initially through the DWP chaired IT suppliers group. CLG establish similar group	Engage with IT suppliers groups to encourage expeditious production of new software. Drive for the cost of new software to be

Measure	Issues	Consequences	Prob-ability	Impact	Possible Mitigation	Possible LGA Actions
					around support for council tax.	recognised by CLG as new burden
	4.5 Demanding timescale for implementation	4.5.1 Councils unable to deliver 10% saving in first year	M	M	<p>Billing councils commence development of new schemes asap.</p> <p>Billing councils develop contingency plans for continuation with current methodology in the event that new localised schemes not ready by 31 Jan 2013.</p>	<p>LGA press CLG to expedite publication of regulations/guidance.</p> <p>LGA keep a close eye on timescales and in the event that late issuing of guidance/regulations precludes delivery of new localised schemes by 31 Jan 2013, considers lobbying CLG to delay for a year the imposition of the 10% saving and slipping the 2013 implementation dates. (allowable under the Local Government Finance Bill – Clause 8(5)).</p>
5. Replacement of community care grants & crisis loans with local welfare assistance	5.1 Financial pressures on councils	<p>5.1.1 Councils unable to support all claimants</p> <p>5.1.2 Councils lack capacity to manage applications</p>	M	M	<p>Councils consider establishing an earmarked reserve</p> <p>Councils plan to use existing staff eg in call centres/one stop shops as much as possible.</p> <p>In two tier areas, upper tier authorities delegate responsibility and funding to DC/BCs with experience of handling claimants</p> <p>Consider contracting out.</p>	LGA seek to get this acknowledged as a new burden
	5.2 Use of loan sharks	<p>5.2.1 Increase in debt</p> <p>5.2.2 Increase in demand for family services</p>	M	M	<p>Provide support with financial planning and household budget management advice to at risk families.</p> <p>Sustained campaign</p>	<p>Lobbying of MPs for restrictions on the activities of loan sharks.</p> <p>Work with DWP on their initiative to encourage the growth and use of credit unions</p>

Measure	Issues	Consequences	Probability	Impact	Possible Mitigation	Possible LGA Actions
					against the engagement of loan sharks. Establishment of credit unions to provide affordable short term loans to the careful needy.	
6. Shift to on-line applications	6.1 Lack of access/capability	6.1.1 Difficult for vulnerable and IT illiterate applicants to access benefits	H	L	Councils expand People's Network in libraries. Councils retain benefits staff to deal with face to face applications and train library and one stop shop staff to assist with on line applications.	Continue work with DWP for councils to be directly involved in the delivery of UC Work on behalf of councils to seek funding to extend People's Network to enable people without internet access to apply for benefits on-line
7. Monthly direct payment of benefits	7.1 Poor budgeting skills	7.1.1 Increased debt 7.1.2 Openings for loan sharks 7.1.3 Increased demand for social services and welfare assistance	H	M	Training and support with domestic budgeting to vulnerable recipients of benefits Establishment of credit unions	
	7.2 Arrears	7.2.1 Rent arrears (see 2.2 above) 7.2.2 Arrears with utility payments	M	H	See above	
8. Application of CPI to LHA	8.1 Rent Inflation	8.1.1 Gap between LHA and rents	H	H	Councils work with housing providers to encourage the inflation of rents by no more than the rate of CPI.	Lobby for a regular review of the relationship between housing support and housing costs and for their re-coupling before the system reaches crisis point.
	8.2 Decline in affordability	8.2.1 Difficulty recruiting staff for low paid essential roles such as the day to day care of vulnerable and elderly people	M	H	Councils in high rent areas work with providers to develop schemes such as coordinated subsidised transport for essential workers	Raise with CLG if the situation starts to become critical.

Measure	Issues	Consequences	Prob-ability	Impact	Possible Mitigation	Possible LGA Actions
					Councils encourage private housing providers to inflate rents by no more than the rate of CPI particularly for essential staff.	
9. Personal Independence Payments	9.1 Displacement onto council services	9.1.1 Pressures on assessment services and budgets	M	M		
10. Under occupancy	10.1 Shortage of smaller properties	10.1.1 Tenants unable to move from no longer affordable properties	<i>L</i> (most areas) <i>H</i> (in a small minority of areas)	<i>L</i>	<i>Councils consider negotiating with RSLs/HAS to enable tenants to remain over accommodated while paying rent at the entitled rate.</i> <i>In areas affected councils develop with housing providers to a more balanced housing market if more cost effective than above.</i>	
	<i>10.2 Social housing residents excluded from fostering or adoption</i>	<i>10.2.1 Reduction in the pool of foster carers and adopters</i>	<i>M</i>	<i>H</i>		<i>LGA work with DWP for to take account of this.</i>

Note:

Items in italics reflect amendments that have been carried in the Lords, but which remain in the matrix in case the amendments are rescinded when the Bill returns to the Commons.

Impact descriptors

	Low	Medium	High
Legal	Minor civil litigation	Major civil litigation and/or local public enquiry	Major civil litigation setting precedent, criminal charge and/or national public enquiry
Financial (to any one LA)	Up to £0.5m	Up to £5.0m	Over £5.0m
Reputation	Minimal negative local media reporting	Significant negative front page reports/editorial comment in the local media	Sustained negative coverage in local media or negative reporting in national media or significant and sustained local opposition to a council's policies
People and safeguarding	Minor impact on communities/neighbourhoods with low level risk to the safety and wellbeing of vulnerable and or at risk adults and children	Significant impact on communities/neighbourhoods with medium level risk to the safety and wellbeing of vulnerable and or at risk adults and children	Very significant impact on communities/neighbourhoods with a serious risk to the safety and wellbeing of vulnerable and or at risk adults and children