

<b>Item No.</b> 9.	<b>Classification:</b> Open	<b>Date:</b> 26 February 2013	<b>Meeting Name:</b> Corporate Parenting Committee
<b>Report title:</b>		Impact of Welfare Reform on Looked After Children	
<b>Ward(s) or groups affected:</b>		Children Looked After	
<b>From:</b>		Director, Children's Social Care	

## RECOMMENDATIONS

1. That the committee note the information and discuss any further actions required.

## BACKGROUND INFORMATION

2. The Welfare Reform Act 2012 is resulting in all aspects of welfare support being overhauled, with the main objectives being:
  - a. to reduce the nation's benefit bill,
  - b. simplify the benefits system, and
  - c. 'Make Work Pay'.
3. Major changes from the Act include the introduction of Universal Credit and the Housing Benefit Cap. Both will have a significant impact on the financial situation of individual households receiving state support.
4. The Universal Credit will integrate some currently available means-tested benefits (including housing benefit, and working tax credit) into a single benefit and will be paid to claimants one month in arrears.
5. New claims for certain benefits (including housing benefit, job seekers allowance and income support) will be treated as a claim for Universal Credit from October 2013 with existing claims being transferred gradually by October 2017.
6. From April 2013, this will initially apply to four pilot councils - Bromley, Croydon, Enfield, Haringey – all other areas, including Southwark, will introduce the cap by end of September 2013, including Southwark.
7. Housing Benefit will be capped at £350 a week for single adults who don't have children, with households with a dependent child being capped at £500 per week
8. From January 2012 most single young people aged under 35 in the private rented sector will only be entitled to housing benefit 'shared accommodation rate' (SAR), which covers the equivalent of the cost of a single room in shared accommodation. Young people who have been in care are exempt from SAR between the ages of 16 and 21 but will be affected once they reach 22 years of age.

## KEY ISSUES FOR CONSIDERATION

9. This report sets out the possible impact the welfare reform changes may have on:
  - a. Looked after children and care leavers

- b. Foster carers and their capacity to continue their role
- c. Recruitment of new foster carers
- d. Kinship carers

#### **Implications for Looked After Children and Care Leavers:**

10. Unemployed care leavers reliant on housing benefit will be directly affected. The proposals that housing benefit rates will only cover 30% of local rents as opposed to 50% will further decrease the housing options available.
11. From the age of 22 care leavers in the private rented sector will be affected by the Shared Accommodation Rate (SAR) and will only be paid the equivalent of a single room in shared accommodation. Consideration of this will be required to ensure care leavers are suitably informed and can make appropriate housing choices from an early stage, including how they might be affected by SAR when they reach 22.
12. In some instances, especially post 22 years when the SAR comes into effect, the reduction in housing benefit will leave a shortfall in covering the rental value of the property. Finding suitable accommodation for care leavers is likely to become increasingly difficult and some independently living CLA and care leavers may be required to move to more affordable accommodation, especially for those in the private rented sector.

#### **Implications for Fosters carers and their capacity to continue in their role**

13. Other than in exceptional circumstances, fostering couples will no longer be exempt from the work-related requirement and one person in the household will be required to be seeking work. Couples may be deterred from continuing as foster carers or require support as the balance of care responsibilities may have to shift if one person enters the workforce.
14. Fostered children living with a foster carer are not taken into account when calculating the size of accommodation required. The Government has proposed that local authorities make up the benefit shortfall for foster carers through the Discretionary Housing payment (DHP).
15. The Government announced an additional £30m a year DHP budget from 2013/14. This additional funding is aimed specifically at two groups:
16. Disabled people who live in significantly adapted accommodation; the extra funding will enable them to remain in their existing homes; foster carers, including those who need to keep an extra room when they are in between fostering.

#### **Implications for the recruitment of new foster carers**

17. Under-occupation criteria for the social rented sector will also be brought into force. From April 2013, the 'size criteria' will be used to determine how many rooms are needed by tenants and housing benefit will be adjusted and paid accordingly. This may result in housing benefit reductions for under occupiers in social housing. Tenants in social housing are unlikely to have spare rooms available. This may mean that fewer perspective foster carers are able to meet the requirements.

### **Implications for kinship carers**

18. Family and friends carers in households of five or more people will be disproportionately affected by the benefit cap. Particularly for those who also have their own children living at home, the cap on household benefits will act as a disincentive to provide care and may lead to more children moving into care.

### **Conclusion**

19. As a result of the introduction of Universal Credit and changes to housing benefit, in most circumstances household's financial position will change.
20. Universal credit may negatively affect some foster carers, especially those with dependent children over 16, placing an increased financial strain on foster families.
21. Fostering families, adolescent CLA and care leavers may all see a shortfall in rent following changes as a result of the housing benefit cap. This may require households to move to more affordable accommodation.
22. Looked after children living with a foster carer or in kinship care are not taken into account when calculating the size of accommodation required, deeming many households with CLA as under-occupied. Housing benefit will be amended accordingly and local Discretionary Housing Payments funding should be used to make up the shortfall.
23. Housing benefit for care leavers will change to shared accommodation rate from the age of 22. Consideration of this should be made when considering accommodation options for adolescent CLA.

### **Policy implications**

24. The impact of welfare reform changes as outlined above will be taken to account in local strategic frameworks
25. Prioritisation of the local Discretionary Housing Payment (DHP) will be required to support foster carers adversely affected by the Welfare Reform.
26. Succeeding to Adulthood Policy for care leavers will take into consideration the SAR from 22 when finding suitable accommodation for care leavers.

### **Community impact statement**

27. Actions from any policy changes as a result of the welfare reform will be assessed and monitored to ensure they do not have adverse community impacts going forward.

### **Resource implications**

28. The introduction of the Universal Credit and changes to housing benefit are expected to have some impact on resources, as outlined above. It is anticipated that these will be managed within existing resources.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Welfare Reform Act 2012	<a href="http://www.dwp.gov.uk/policy/welfare-reform">http://www.dwp.gov.uk/policy/welfare-reform</a>	Jodie Harris 020 7525 3967

## APPENDICES

No.	Title
None	

## AUDIT TRAIL

<b>Lead Officer</b>	Rory Patterson, Director Children's Social Care	
<b>Report Author</b>	Jodie Harris, Principal Strategy Officer	
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Director of Legal Services	No	No
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