

Item No.	Classification: Open	Date: 14 th March 2012	Meeting Name: Health and Social Care Scrutiny Committee
Report title:		Impact of welfare reform on ageing adults with complex needs	

1 Background

1.1 At the Health and Social Care Scrutiny meeting on 1st February a short report was requested on:

How ageing adults with complex needs, and the council, could be affected by:

- *rising rents*
- *cuts to housing benefits*
- *and how this could affect other London boroughs and any knock on affect to Southwark*

1.2 This is a complex question that is currently being covered by a corporate workstream looking at the totality of the impact of the Welfare Reform Bill. The detailed outcome of this work with respect to health and social care issues can be reported to Scrutiny when this work has been progressed further.

1.3 Assessing possible impacts of welfare reforms is challenging and complex as:

- a range of reforms will be introduced at different times; affecting households at different times.
- It is not possible to predict how individuals, both in and out of the borough, will respond to the welfare reforms
- Some may experience one change, others multiple changes.
- The implications of reforms are not always clear and some aspects are still to be finalised e.g. Council Tax Benefit localisation, Social Fund reform, impacts for temporary and supported accommodation, etc.

2 Impact of welfare reform

2.1 The Welfare Reform Bill is currently in the House of Lords at the third reading stage and is expected to receive Royal Assent by April 2012.

2.2 The bill will potentially have a high impact for many Southwark residents and will impact significantly on council services in a number of ways. A corporate workstream including Health & Community Services looking at the totality of the impact of welfare reform is in place and the impact on Adult Social Care clients and services will be explicitly covered in this.

2.3 Specific areas that could impact on adults with complex needs will be looked at with a view to understanding the likely impact, including:

- 2.4 Introduction of Universal Credit:** this is a simplified benefit designed to replace most benefits for working age people, including housing benefits, to be introduced from October 2013. It is capped at £350 per week for single people and £500 per week for families. This is a national flat rate which does not reflect higher accommodation costs in London. This is expected to have the greatest impact on families with children for whom it has been estimated that up to 30% may not be able to afford their current home in London. Clearly rising rents will exacerbate the issue of affordable housing if not covered within the Universal Credit cap.
- 2.5 Changes to Disability Living Allowance:** this will be replaced from April 2013 by a more stringently assessed Personal Independence Payment. This could impact on the estimated 13,290 Southwark residents in receipt of DLA, especially the estimated 5,000 on the lower level DLA care and Mobility allowances who it is expected may lose benefits. It is anticipated that this change should generally not have such an impact on those with higher levels of needs, but this requires further analysis to confirm the overall impact. The payments will be exempt from the Universal Credit cap.
- 2.6 Local Housing Allowances (LHA):** these concern the maximum Housing Benefit payable for private rented properties and caps have already been introduced, although the majority of properties in Southwark are within the cap. However from April 2011 the maximum amount of LHA payable is being tightened, moving from the 50th to the 30th percentile of properties. 882 households have 9 month's transitional protection from losing benefit as a result of this change in Southwark, of whom a proportion will have social care needs. Officers are investigating how best to target Southwark's Discretionary Housing Payment allocation from DWP, to allow such households a period of grace in order to find cheaper accommodation on expiry of their transitional protection. Analysis will be undertaken on the proportion within this cohort who have social care needs.
- 2.7 Changes to under occupancy rules for housing related benefits:** working age social housing tenants in properties deemed to be under occupied will receive reduced benefits, meaning they may need to move to a smaller residence. National analysis suggests this could impact upon disabled people disproportionately, with estimates that two thirds of under occupied dwellings are occupied by registered disabled, which would equate to 2,400 disabled residents in Southwark. This may result in people moving out of homes that have been adapted to their needs.
- 2.8 Impact on carers:** reductions in Disability Living Allowance and other benefits may indirectly impact on the ability of carers to support people. Also, unlike some other benefits, the Carers Allowance is not exempted from the Universal Credit cap so may in effect be lost for some carers who are at the cap level. The position of households relying on young carers also needs to be understood.
- 2.9 Social Fund changes:** this is to be reduced and devolved to local authorities to administer on a non-ringfenced basis. 2009/10 data suggests there were around 15,000 applications for crisis loans with a value of £1.8m. The extent to which current beneficiaries are adult social care clients who could lose out with the changes is to be assessed.

- 2.10 Council Tax Benefit changes:** this will be devolved to local authorities with a reduced budget, and a requirement to ensure that over 65s are protected from reductions. How these reductions impact on working age people with social care needs is to be mapped out.
- 2.11 Potential impact on supported housing costs:** there is longer term uncertainty on the housing benefit contribution to supported housing costs, which could impact on the economics of supported living schemes over residential care options.
- 2.12 Knock on impact on demand:** This could take a number of forms:
- a) **Population changes:** There is the potential for people whose current accommodation has become unaffordable to leave Southwark, and (probably to a lesser extent) to move to Southwark. The potential impact of this is to be explored.
 - b) **More people entering the health and social care system and those within the system having increased needs:** some people with reduced benefits and consequent problems such as homelessness, overcrowding, reduced independence, stress etc will be likely to develop more intensive needs for social care and health support.
 - c) **Pressure on adult social care budgets:** apart from the impact of increased demand, if the contribution service users can make to their total personal budget needs is reduced then potentially the Council contribution will increase. This is not currently expected to be a high risk as it is expected that most adult care service users are at the higher levels of disability and will receive Personal Independent Payments that are exempt from the Universal credit cap, however further analysis is needed.

3. Reporting back

A further report will be presented on the impact of welfare reform on adults complex needs as the analysis is progressed with an update in September.

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Version	Final
Dated	8/3/2012
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