



## HEALTH, SOCIAL CARE AND WELLBEING SCRUTINY COMMITTEE - 22ND OCTOBER 2013

**SUBJECT: POTENTIAL IMPACT OF THE WELFARE REFORM ACT 2012 ON  
YOUNG PEOPLE LEAVING CARE**

**REPORT BY: ACTING CORPORATE DIRECTOR SOCIAL SERVICES**

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### 1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to provide Health, Social Care and Well-being Scrutiny Committee with information regarding the potential impact of the Welfare Reform Act 2012 on young people Leaving Care.
- 1.2 This report was requested following discussion at the Corporate Parenting Meeting In May 2013.

### 2. SUMMARY

- 2.1 The Welfare Reform Act 2012 contains provision for the introduction of a 'Universal Credit' to replace a range of existing means-tested benefits and tax credits for people of working age, commencing from 2013.
- 2.2 Universal Credit is a new benefit that has started to replace 6 existing benefits with a simpler, single monthly payment for individuals out of work or on a low income. Universal Credit is intended to assist individuals to be better off in work, to start a new job or to work more hours.

Universal Credit will eventually replace:

- Income-based Jobseeker's Allowance
  - Income-related Employment and Support Allowance
  - Income Support
  - Working Tax Credit
  - Child Tax Credit
  - Housing Benefit
- 2.3 Besides introducing Universal Credit and related measures, there are other significant changes to the benefits system:
    - Introduction of Personal Independence Payments to replace the current Disability Living Allowance
    - Restrictions to Housing Benefit entitlement for social housing tenants whose accommodation is larger than they need
    - Links the Local Housing Allowance rates to the Consumer Price Index
    - Amendments to the forthcoming statutory child maintenance scheme

- Limitations to the payment of contributory Employment and Support Allowance to a 12-month period
- Introduction of a cap on the total amount of benefit that can be claimed – this will particularly impact on larger families.

### **3. LINKS TO STRATEGY**

- 3.1 Children Act 1989 and 2004.
- 3.2 The Children and Young People's Plan.
- 3.3 Children (Leaving Care) Act 2000.
- 3.4 Corporate Parenting Strategy.

### **4. THE REPORT**

- 4.1 For young people Leaving Care there will potentially be issues regarding the benefits they are eligible to claim and the accommodation choices they will have as a result of the Welfare Reform Act 2012.
- 4.2 Universal Credit is paid differently to current benefits. It is paid monthly into a bank, building society or Post Office account. Any assistance with rent ie Housing Benefit will now be included in the Universal Credit payment and individuals will be expected to pay their landlord themselves.
- 4.3 The issues that young people may face are as follows:
  - Historically allowances have been paid on a weekly or fortnightly basis, there may be issues regards budgeting for food, bills, rent and other sundries as the new allowances will be paid on a monthly basis.
  - Linked to 4.2 above, rent may not be paid as young people may not prioritise this aspect of the finances. (There are cases where landlords can advise the Benefits Agency that someone is vulnerable and the rent can then be paid directly to them not the young person).
  - There is limited 'Move On' accommodation suitable for young people. Families who have lived in three/four bedroom houses for a long period of time will now receive less Housing Benefit and will be expected to meet the short fall or down size to smaller properties thereby increasing the demand for smaller properties and reducing available accommodation for Care Leavers.
  - There is a real risk that families will have to move into smaller properties and in turn young people may be forced to leave home increasing demand on homelessness services.
  - Any changes to the welfare system could potentially impact on crime rates and anti social behaviour. Many young people report feeling pressured into shop-lifting and other petty crimes when faced with financial hardship.
  - Whilst a principle of the welfare reforms is to encourage people into work, many young people are not 'work ready' and require additional supports in order to progress into work.
- 4.4 Overall it is probable that the reforms will lead to an increase in demand for support and services from the Local Authority in a time of reducing resources. Work is being undertaken to consider any families known to Social Services who may be affected by the Welfare Reform Act.

4.5 However, to date the 16 Plus Team has not yet seen any direct impact of the Welfare Reform Act 2012 on the young people they work with. It is acknowledged that the changes are very recent and a further period of time is required in order to assess the true impact the new Act will have.

## **5. EQUALITIES IMPLICATIONS**

5.1 This report is for information purposes, so the Council's Equality Impact Assessment does not need to be applied.

## **6. FINANCIAL IMPLICATIONS**

6.1 Consultation has taken place with the Finance Team and advice has been offered throughout the process.

## **7. PERSONNEL IMPLICATIONS**

7.1 There are no direct Personnel implications arising from this report.

## **8. CONSULTATIONS**

8.1 The views of those consulted have been incorporated into the report.

## **9. RECOMMENDATIONS**

9.1 It is recommended that the content of the report be noted. The purpose of the report is to provide Health, Social Care and Well-being Scrutiny Committee with information about the impact of the Welfare Reform Act on young people Leaving Care.

9.2 It is recommended that a further report be presented to Scrutiny in six to twelve months time to be able to establish a true picture of the impact this new Act is having on young people Leaving Care.

## **10. REASONS FOR THE RECOMMENDATIONS**

10.1 To appraise members of the Health, Social Care and Well-being Committee of some of the issues that may arise from the Welfare Reform Act.

10.2 To provide a report to a future Scrutiny Committee which will allow time to collate information about the impact over a longer period of time.

Author: Lisa Curtis-Jones, Service Manager East & Assessment Care Management

Consultees: Social Services Senior Management Team  
Cllr Robin Woodyatt, Cabinet Member, Social Services  
Children's Services Divisional Management Team  
Financial Services  
Janine Edwards, Team Manager Leaving Care