



Council Overview and Scrutiny Committee
12 September 2013

The impacts of welfare reform in Surrey

Purpose of the report: Scrutiny of Policy Development and Review

This report provides an overview of the main changes to the welfare benefits system, assessing their potential implications for residents through the use of three case studies. It identifies the issues for Surrey; the related consequences for Surrey County Council and its partners; and includes a summary of the strategic approach that Surrey partners are taking to support residents who are affected and to minimise additional pressure on services.

Changes to the welfare benefits system:

1. The Coalition Government's ongoing welfare reforms are widely acknowledged as the most fundamental change to the welfare benefits system since the Second World War. The Government's aims are to incentivise work, simplify the current system of benefits and tax credits and promote personal responsibility among claimants. The reforms are also intended to deliver substantial savings to the public purse - £18 billion within the current spending review period to 2014/15 and a further £10 billion in projected savings by 2016/17.
2. The changes have been introduced in Surrey from April 2013, however some will come into effect up to 2017 (or later depending on the implementation timetable still to be published). The main reforms are outlined in **Annex A** (Welfare Reform Overview and Timetable) and **Annex B** (Guide to Welfare Reforms for Elected Members in Surrey).

Implications for Surrey residents:

3. As the changes to welfare benefits are being introduced in stages, the effects on residents will be felt over time. Some households will be affected by multiple changes, for instance changes to the level of council tax and rent they are required to pay. Evidence shows that three groups in Surrey are most likely to be affected: working families on low incomes; large families and out of work; disabled people. The case studies in **Annex C** illustrate the sequence of impacts and the financial consequences for these residents. **Annex D** provides a data overview of the numbers of Surrey residents who have or will be affected by the ongoing reforms.

Implications for Surrey County Council and partners:

4. The related service pressures as a consequence of these impacts on residents are likely to fall across Surrey County Council services and those of its partners. Key Surrey issues that impact on services in the first instance fall into four broad categories:

<p>Housing and homelessness</p> <p>-----</p> <p>Key Surrey issues:</p> <ul style="list-style-type: none"> • Increased demand on limited affordable housing (social and private) • Rising rent arrears • Rising homelessness and temporary accommodation • Churn in social/community networks/schools 	<p>Employment and training support</p> <p>-----</p> <p>Key Surrey issues:</p> <ul style="list-style-type: none"> • Availability of suitable jobs • Rising demand for employment support • Associated barriers, eg transport and childcare
<p>Financial inclusion</p> <p>-----</p> <p>Key Surrey issues:</p> <ul style="list-style-type: none"> • Inevitability of declining income on benefits • Availability and awareness of debt advice • Access to bank accounts and affordable credit 	<p>Advice, information and support</p> <p>-----</p> <p>Key Surrey issues:</p> <ul style="list-style-type: none"> • Pressure on advice services • Need for co-ordinated emergency assistance • Need for digital support for residents

- Surrey County Council services that are most likely to be directly affected in the first instance are Children's Services (see [Children and Families Select Committee paper](#)¹ on 20 March 2013 for a full analysis), Schools, Adult Social Care (including the Benefits and Employability Services) and Libraries (for digital access). Social housing providers – both District and Borough Councils and Registered Social Landlords – and advice providers, such as Surrey's Citizens Advice Bureau (CAB), are also in the front line in responding to the impacts of welfare changes. Longer term, there may be wider consequences for police, public health, drug and alcohol services, domestic abuse providers, etc if the reforms have a significantly negative impact on wider social health and well-being.
- Financial profiling of the impacts is difficult as welfare changes are being introduced over time and the effects on individuals and families are likely to be felt cumulatively. The work underway across partners to monitor the impacts is crucial to anticipate pressures on services and respond effectively, minimising the financial consequences.
- During financial year 2012/13, County, District and Borough Council officers and members worked towards a common approach to the introduction of localised council tax support schemes (the Surrey Framework Scheme). The County Council offered financial support to Districts and Boroughs that implemented the Surrey Framework, in order to neutralise their residual funding gap. This funding also incorporated contributions towards local hardship funds, designed to mitigate the harshest financial impacts in individual cases on a 'one off' basis (total £0.5m for 2013/14).
- The County Council's 2013/14 budget assumes a reduction in council tax income of £7m, offset by additional council tax income of £5m as a result of implementing locally determined changes to council tax exemptions and discounts. Key related risks to the County Council are limiting the reduction in council funding and potential service pressures arising from adverse impacts on affected people (not quantified). Future risks relate to uncertain future levels of central government grant funding and potential pressures on local support schemes through council tax rises and/or increases the numbers of claimants. Officers are working closely to monitor any financial impacts arising.

¹ <http://mycouncil.surreycc.gov.uk/documents/s4833/Preparing%20for%20Welfare%20Reforms.pdf>

Working in partnership to support residents:

9. Surrey County Council is working closely with District and Borough Councils and with the voluntary, community and faith sector to ensure that residents get the advice, information and support they need to prepare for the benefit changes. In July 2012, the County Council convened a cross-Surrey Welfare Reform Co-ordination Group composed of District and Borough housing and benefit leads, Department for Work and Pensions officials, CAB, and County Council adults, children's, public health, policy and finance leads. A recent South East Strategic Leaders (SESL) analysis of work across the SE recognised that Surrey was well ahead in terms of monitoring impacts and responding in a co-ordinated way.
10. Over the summer, a new guide was distributed to all elected members in Surrey (Annex B) to explain the welfare changes and enable effective signposting to the full range of support services available. Beyond the support outlined in the guide, additional work is being led by the County Council with partners to develop an integrated network of advice and support services, ensuring that existing providers work effectively together. A new pan-Surrey impact monitoring dashboard will be reported to Surrey Chief Executives in the Autumn.

Conclusion:

11. Surrey County Council, working with its partners, is taking a strategic approach to understanding how the welfare changes will affect residents and to delivering an effective response. This report provides a summary of the work so far to understand the impacts and to prepare a co-ordinated response, so that support is targeted and reduces duplication and unnecessary pressures on services.

Recommendations

That the Council Overview and Scrutiny Committee:

- Notes the impacts of welfare reform in Surrey for residents, Surrey County Council and partners and work underway to prepare for and respond to the changes;
- Notes the Council's existing plans to mitigate the impacts of welfare reform for Surrey residents and services, including financial planning.
- Agrees whether it wishes to conduct further work on this issue.

Next steps

If the Committee wishes, Members to undertake further work via a task group and report back to the full Committee in November 2012.

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Sources/background papers:

ESRO research report 'Preparing for the impacts of welfare reform' (March 2013)
Children and Families Select Committee report 'Preparing for Welfare Reforms' (20 March 2013)

Annexes:

Annex A: Welfare Reform Overview and Timeline

Annex B: Guide to Welfare Reforms for Elected Members in Surrey

Annex C: Three case studies

Annex D: Surrey data overview