

Subject: Housing Benefits

Status: For Publication

Report to: Cabinet

Date: 19th September 2006

Report of: Head of Financial Services

Portfolio

Holder: Finance & Risk Management

Key Decision:

NO

Forward Plan

General Exception

Special Urgency

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is for members to consider the disregarding of War Widows Pensions (WWP) and War Disablement Pensions (WDP) when considering personal income for the calculation of eligible housing benefits.

2. CORPORATE PRIORITIES

- 2.1 The matters discussed in this report are linked to and support the following corporate priorities:
- *Financial Management – Any proposed changes should be considered in light of the Medium Term Financial Plan and the current year's Budget resources.*
 - *Equalities – particularly in relation to custom and practice within other local authorities*

3. RISK ASSESSMENT IMPLICATIONS

- 3.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:
- Financial Risk – being the cost impact on Council resources
 - Reputation – being the potential for both negative and positive impact depending upon Members final decisions

4. BACKGROUND AND OPTIONS

- 4.1 On 1st March 1995 it was resolved by Council, when setting Council Tax for 1995/96, "that the War Widows Local Scheme (Housing Benefits and Council Tax Benefits) be restricted to those claimants as at 1st March 1995 and no further claimants to be added after that date"
- 4.2 On 31st January 2000 it was resolved that the resolution above be extended to include War Disablement Pensions as from 10th February 2000.
- 4.3 It is assumed that the reasoning behind the resolutions were financial in that at the time allowing such a Local Scheme, (above a statutory minimum of £10) 100% of the cost fell on the Council.
- 4.4 As from 1st April 2005 the cost impact on the Council has been mitigated in that the Council now receives a 0.2 per cent. addition to the annual subsidy, capped at 75 per cent. of the total benefit cost to the Council of the local scheme, rather than in the past a nil% subsidy.
- 4.5 Currently the gross value of eligible Local Scheme claims (ie those being in existence from 1995 (WWP) and 2000 (WDP) is c. £21.2k, subsidy claimed is £15.9k, therefore the cost to the Council is £5.3k. Clearly prior to 1st April 2005, when subsidy rules changed, the cost to the council would have been the full £21.2k.
- 4.6 Within the current Housing Benefits customer base is £6.4k (WDP) and £8.2k (WWP) which are not eligible for the Local Scheme as they have arisen since the year 2000 and 1995 respectfully.
- 4.7 If the Council were to allow non-eligible WDP & WW into the Local Scheme the annual cost, based on the current client profile, would be as follows:

	Gross Claim - £000	Subsidy (up to £31k gross claim) - £000	Cost to Council - £000
Current Position	21.2	15.9	5.3
Add:			
- WDP	6.4	4.8	1.6
- WWP	8.2	2.6	5.6
Total	35.8	23.3	12.5
Additional Growth	14.6	7.4	7.2

- 4.8 The above table therefore shows that the current additional cost per annum of including all WWP & WDP into the local scheme would be £7.2k.
- 4.9 Clearly the above position is simply the current position. It is difficult to predict future movements (either an increase or decrease) and is dependent on:

- the number of fresh claimants for Housing Benefit and Council Tax Benefits;
- the number of ceased (or deceased) claims in for these Benefits;
- the level of increase of these Benefits

4.10 The WW pension in general is received by wives, husbands or civil partner who has died as result of their service in HM Armed Forces before 6 April 2005. The WDP is paid to those injured or disabled during a time of war or as a result of service in Her Majesty's (HM) Armed Forces before 6 April 2005. The Armed Forces Compensation Scheme (AFCS) now applies to deaths, injury or illness sustained on or after 6 April 2005. If Members were to extend the local scheme they would have to incorporate the new AFCS.

4.11 As at April 2003 only two local authorities (Easington and Wear Valley) did not reply any disregard other than the statutory £10 minimum.

5. COMMENTS OF THE HEAD OF FINANCIAL SERVICES

5.1 The financial considerations are included within the report.

5.2 The Councils Medium Term Financial Plan, Key Assumption 1 states that "no supplementary estimates will be approved which commit costs in future years."

6. COMMENTS OF THE HEAD OF LEGAL AND DEMOCRATIC SERVICES

6.1 There are no direct legal implications.

7. COMMENTS OF THE HEAD OF HUMAN RESOURCES

7.1 There are no direct Human Resource implications.

7.2 The issue of Equalities is a matter for Members to consider.

8. CONCLUSION

8.1 The report sets out the basis from which to debate current Council policy and make any recommendations that Member may feel appropriate.

9. RECOMMENDATION(S)

9.1 That members consider and determine the Councils future policy on the mater of the Local Scheme in relation to WWP, WDP and future AFCS

9.2 If Members are mindful to make eligible all WWP's, WDP's and AFCS's that the policy change be considered alongside all other growth bids as part of the 2007/08 Budget debate.

10. CONSULTATION CARRIED OUT

- 10.1 Leader
- 10.2 Executive Director of Resources
- 10.3 Housing Benefits – Team Leader

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No background papers