

AGENDA ITEM XX
REPORT TO CABINET

**DATE 3RD OCTOBER
2013**

**REPORT OF CORPORATE
DIRECTOR OF RESOURCES**

CABINET DECISION

Leader of the Council – Lead Cabinet Member – Councillor Cook

MITIGATING THE IMPACT OF WELFARE REFORM – POLICY AND DELIVERY

1. Summary

To present a summary of the strategic approach, approved policies in place and activity to support local residents in dealing with the current economic climate generally and to mitigate the impact(s) of the Welfare Reform Act specifically, as they emerge.

2. Recommendations

- i. Members note the approach being taken to support residents in dealing with the current economic climate in general
- ii. Members note the proactive and evidence led approach being taken to mitigate specifically the impact of Welfare Reform and the activity undertaken to date.
- iii. Members note that the evidence relating to specific impacts of the various elements of the Welfare Reform Act is still emerging and is being regularly reported to members through the agreed monitoring framework (Qtr 1 2013/14 Welfare Reform monitoring report is also on the agenda for this Cabinet meeting) and regular sessions on the Members Policy Seminar agenda.

3. Reasons for the Recommendations/Decision(s)

This report provides an update on the introduction of the various reforms, highlighting early indications of impact and areas of concern. Performance indicators have been developed which will help to identify impacts of welfare reform changes within the borough and provide a basis for future actions and policy development.

4. Members' Interests

Members (including co-opted Members) should consider whether they have a personal interest in any item, as defined in **paragraphs 9 and 11** of the Council's code of conduct and, if so, declare the existence and nature of that interest in accordance with and/or taking account of **paragraphs 12 - 17** of the code.

5. Where a Member regards him/herself as having a personal interest, as described in **paragraph 16** of the code, in any business of the Council he/she

must then, **in accordance with paragraph 18** of the code, consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest and the business:-

- affects the members financial position or the financial position of a person or body described in **paragraph 17** of the code, or
 - relates to the determining of any approval, consent, licence, permission or registration in relation to the member or any person or body described in **paragraph 17** of the code.
6. A Member with a personal interest, as described in **paragraph 18** of the code, may attend the meeting but must not take part in the consideration and voting upon the relevant item of business. However, a member with such an interest may make representations, answer questions or give evidence relating to that business before the business is considered or voted on, provided the public are also allowed to attend the meeting for the same purpose whether under a statutory right or otherwise (**paragraph 19** of the code)
7. Members may participate in any discussion and vote on a matter in which they have an interest, as described in **paragraph 18** of the code, where that interest relates to functions of the Council detailed in **paragraph 20** of the code.

Disclosable Pecuniary Interests

8. It is a criminal offence for a member to participate in any discussion or vote on a matter in which he/she has a disclosable pecuniary interest (and where an appropriate dispensation has not been granted) **paragraph 21** of the code.
9. Members are required to comply with any procedural rule adopted by the Council which requires a member to leave the meeting room whilst the meeting is discussing a matter in which that member has a disclosable pecuniary interest (**paragraph 22** of the code)

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INTRODUCTION

1. Previous reports to Cabinet have detailed the introduction of the Welfare Reform Act 2012 which set out Government's intention to reform the benefits and tax credits system to provide greater incentives to work and have included details of how the impact will be monitored. The first monitoring report is being reported to this meeting and will be the subject of regular future reports to cabinet.
2. This report provides a summary of the strategic approach being taken to support residents across our Borough in relation to the impact the current economic downturn is having. The report also sets out the work, in more detail, that is being undertaken in relation to policy development and activity to those specifically affected by the impact of the Welfare Reform Act. It should be noted however, that in some instances it is difficult to evidence the

impact is directly as a result of welfare reform rather than the wider economic climate. Furthermore, the evidence of impact of the changes introduced in April and July is still emerging.

3. In line with the councils approach to evidence-based policy development, the report includes examples of where policies have already been amended to take account of anticipated and emerging impact. As the data and intelligence (for example via case studies) from the monitoring framework is gathered over time we anticipate further evidence of direct impact to emerge to shape further policy.
4. It should be noted that the main content of this report is focused on the Council's response to mitigating the impact of the welfare reform changes, although reference is made to key partners such as Tristar. The report does not capture the detail of the wide range of activity being undertaken, for example, by the voluntary and community sector, in supporting those affected by welfare reform and the wider economic climate.

BACKGROUND

5. The Welfare reform Act introduced several changes as detailed below:
 - Universal Credit (now delayed from October 2013, implementation date to be confirmed)
 - Personal Independence Payment (introduced Stockton in April as part of a national pilot),
 - Under Occupancy/ Restriction to Housing Benefit (April 2013)
 - Transfer of responsibility for elements of The Social Fund to Local Authorities(April 2013),
 - Local Council Tax Support Scheme (April 2013),
 - The Benefit Cap (15th July 2013).
6. By July of this year all of the above reforms have been introduced with the exception of Universal Credit, with many of the changes being introduced from April 2013. Universal Credit was due to be rolled out nationally from October 2013, however the DWP has recently announced that rollout will be delayed with further pilot work taking place in 6 areas. Nationally, further work will be undertaken on the IT system and ICT training support for clients.

Strategic Approach - General

7. As referenced in the introduction, much of the policy development to date has been within the stated focus of the Council and its key partners of "promoting achievement and tackling disadvantage." As the impact of the general economic downturn started to emerge, alongside the reduction in funding to local government this approach was strengthened through the application of underpinning principles of protecting the vulnerable, reducing inequalities and targeting those most in need which is set out in many of our approved strategies, as detailed below and is supported by the approved Medium Term Financial Plan.
 - The Council Plan
 - The Health and Wellbeing Strategy

- Early Help Strategy (currently being developed)
 - Carers Strategy
 - City Deal and Statement of Ambition
 - Housing Strategy
 - Sport and Active Leisure Strategy.
 - Access to Services Strategy
 - Affordable Warmth Strategy
 - Community Safety Plan
8. This planning framework has been strengthened through the development of the ‘Brighter Borough for All – Tackling Family Poverty across Stockton-on-Tees’. This has a specific focus on reducing family poverty through maximising family income and giving every child the best start in life. It aims to address the existing and emerging needs arising as a result of the downturn in the economy, continued austerity measures and the introduction of legislative changes such as the Welfare Reform Act 2012 and has replaced the ‘Sustainable Community Strategy’ as the key policy and planning document for the Stockton Strategic Partnership.

Strategic Approach – Welfare Reform

9. Cabinet recognised that the impact of some elements of the welfare reform changes were clear, others would emerge as the reforms were introduced and some would be shaped by people’s choices. This section of the report includes a reminder of the principles on which members agreed the monitoring framework would be based, highlights policy changes that have already been introduced and describes a range of activity that is in place to support residents affected, or likely to be affected, by the welfare reform changes.
10. As agreed by members previously, the monitoring framework for Welfare Reform is based on the following principles:
- To inform policy development that is evidence-based.
 - To provide information to the leadership and executive of the Council.
 - To benchmark regionally / nationally, for example through the work the Institute for Local Governance is undertaking through ANEC.
 - Data will be collected at a manageable geography/ community of interest where possible and appropriate.
 - To identify any emerging trends.
 - Measures to monitor short, medium and long term impact.
 - Information will only be collected from data we hold as a council or from partner organisations.
11. Activity and monitoring shows that in some areas there is an immediate impact and direct correlation to Welfare Reform, for example we know through the monitoring framework, regular contact with registered social landlords, applications to the DHP fund and anecdotally, that there is an impact on housing services e.g. the numbers affected by the under occupancy national policy and the impact this is having on individuals finances, the changes to property waiting lists for 1 and 2 bed properties. However in other areas such as Adults and Children’s services there appears to be no real immediate impact in terms of activity that shows a direct correlation with the introduction of Welfare Reform.

12. Recent evidence, supported through existing monitoring arrangements, has led to members approving additional resources and policy changes in support of mitigating the impact of welfare reform changes. The additional resources and policy changes for the Council relate primarily to; providing financial support, general support, advice and guidance through to creation of, and support to access jobs and skills and specific details are given below. Key partners are also considering the impact as evidence emerges and are giving due consideration to policy changes and activity, including Tristar (further information is provided in the housing and general advice and support sections below). Although preparation for the introduction of the Welfare Reform Act has been on-going for some time and some initial evidence is emerging of the impact, it is still early days in terms of monitoring and understanding the real impact of these changes.

Financial support

13. A range of financial support has been put in place including:

- £100,000 Hardship Relief Fund has been allocated to support those struggling to pay Council Tax. A lower than expected take-up has led to some promotional work around this fund, this includes links with Five Lamps who, when dealing with Back on Track applications, signpost to this fund if appropriate and provide support with completing applications.
- Discretionary Housing Payments (DHP) - In 2012/13 the budget allocation was £167, 269 and was fully utilised covering 451 payments. Supported by this evidence and in anticipation of the impact of Welfare Reform, Cabinet approved a revised policy on 11th April 2013 with a budget allocation of £395,220 for 2013/14. In Quarter 1 some 465 applications have been received. Temporary additional support has been made available to deal with the increase in applications.
- Foster Carers have been supported through the DHP scheme with respect to the “under occupancy payment reduction”.
- Housing Options have an agreed referral process to access the local discretionary council tax discount scheme in extreme cases of affordability/ potential loss of home.
- Cabinet agreed that the non-ring-fenced funding to local authorities to support the delivery of the replacement for the Social Fund should be wholly allocated to a local scheme. “Back on track”, the local authority Social Fund and Crisis loan scheme is being monitored closely to ensure this fund is being accessed and used appropriately. A triage approach is taken with both successful and unsuccessful applicants being signposted to other services and support as appropriate. This has included signposting to Job Centre Plus/DWP, Tees Credit Union, Stockton District and Advice Service and other advice agencies, local food banks and furniture recycling schemes.
- Applications for Section 17 payments (a fund to support the welfare of children in need, used either in kind or by cash) are being monitored to

ensure they are reaching those most in need, being targeted in the most appropriate way and that best use is being made of this fund.

- A decision to subsidise court costs has been implemented where debt is less than £200. Fees are £30 instead of £77.50. This has supported families where the visiting officer post has not resulted in a positive outcome.
 - The Localisation of Council Tax Scheme was approved by members ready for the 2013/14 financial year. The policy was designed to support the most vulnerable whilst still meeting the government's criteria and the grant deficit. Monitoring of the impact of this policy is being closely monitored and where appropriate dealing with any issues arising on a case by case basis. Intelligence gathered through the first year of the policy will inform any changes to a future scheme.
 - The authority is working as part of a wider "Change Team" to support the Tees Credit Union to enhance its sustainability, develop its capacity and modernise its systems. The Stockton VCS investment fund has contributed to a temporary development officer post and a partnership arrangement with Darlington Credit Union to deliver the new Business Plan for Tees Credit Union. Additional funding is being sought via Northern Rock Foundation. Consideration is being given to accessibility of the services they provide including the possibility of securing a high street presence in Stockton and Billingham.
 - Consideration is being given to re-launching the payroll deduction scheme for SBC employees and members who wish to save or borrow from Tees Credit Union, subject to appropriate checks and balances. The credit union are also reviewing other public sector and large businesses in the borough with a view to rolling the scheme out further.
 - A community energy switching scheme has been approved and supported by the Authority delivering reduced energy costs. The scheme has been rolled out to a further phase and includes a variety of payment options, those on payment meters and has been extended to include VCS organisations.
14. A group of officers are currently reviewing the usage, criteria and take up of these funds and others e.g., section 17 to ensure optimum use is being made of all of the funds and that the criteria, awareness and processes are effective in ensuring the funds are reaching those impacted by welfare reform changes. The outcome from this work will inform any future policy changes.

General support and advice

15. A range of general support and advice for residents is in place over and above what was already being delivered (for example via libraries, Welfare Rights, SDAIS etc.) and includes:
- Additional funding has been allocated to provide additional capacity within Stockton District Advice and Information Service to deal with queries, support and advocacy. The additional staffing is being used to

manage discretionary housing applications, provide debt management advice, income maximisation, assistance to secure alternative affordable housing, managing those affected by the benefit cap. Housing Options and Welfare Rights staff are also providing support in these areas, as are the RSL's.

- Additional finance is funding two additional posts to provide a “visiting officer approach” which works with families in dealing with correspondence, applications for assistance, signposting to appropriate help, to avoid a debt situation thus mitigating against the immediate use of bailiffs and minimising debt costs.
- Welfare Rights are providing support, advice, guidance/ representation to those impacted specifically by the introduction of Personal Independent Payments. They are also working with Client Financial Services, targeting service users that were receiving a social service but not claiming PIP, thus maximising income
- The Taxation Service has procured a texting package that provides support to those in arrears, advising them to get in touch before debt mounts up.
- Briefings have been provided by the Welfare Rights Team and CAB colleagues to front line staff, those in reception areas, managing CRM calls, library staff etc. to support them in helping direct and advice calls on all matters Welfare Reform related. This has enabled better signposting and advice to be provided to those in need.
- The SWAN (Stockton Welfare Advice Network) partnership was awarded external funding of £196,229 for the period September 2013 to August 2015. SBC provided support to SDAIS to secure the funding and have been asked to be part of a steering group to oversee the development of the partnership. The funding is aimed at ensuring better co-ordination of advice and information across agencies.
- Tristar, like other RSL's, have put a package of support in place to help residents through a journey to mitigate against the impact of the Welfare Reform. This provides support to find employment, alongside the continued package of advice, guidance and financial support including support for those in rent arrears through their own Discretionary Housing Payment pot, changes to debt policy and appropriate provision and support around individual housing needs. This package provides support in the short term and also seeks to support longer term solutions.
- Children's Centres – supporting the early years' provision were reconfigured with services now targeted at the most vulnerable.

Jobs and skills

16. Much of the policy and activity associated with jobs and skills is aimed at increasing the number and range of jobs and matching skill levels to the available and future opportunities. Whilst the driver for this isn't specifically related to mitigating the impact of welfare reform it is clear that the targeted

approach being taken in relation to a number of initiatives will be of benefit to residents impacted by welfare reform. Examples include:

- Our Procurement Strategy supports local employment opportunities including promotion of apprenticeships.
- A Social Value policy is currently being drafted for consideration by Cabinet which will enhance the existing procurement strategy
- City Deal bid – A bespoke agreement between central government and our local area which will ensure as far as possible the area's growth and prosperity, leading to employment and training opportunities and greater prosperity for the area.
- Stockton Council and many local businesses have promoted and supported the apprenticeship scheme across many disciplines
- Both the Council and Tees Valley Unlimited provide support for local businesses, promoting enterprise through business opportunities and schools.
- The council and partners such as housing providers and voluntary sector organisations are providing support for those looking for employment.

Housing

17. Since the responsibility for the councils social housing stock transferred Tristar have developed and shaped their policies alongside other registered social landlords. Examples of policy and activity are detailed below alongside the council's policy response to increasing access to affordable housing:

- A policy of 15% - 20% Affordable Housing has been approved which will ensure that 15% - 20% of all new housing developments will provide houses at affordable prices, supporting those most in need, to afford to live within the borough in houses which are both decent and affordable. The Council's Asset Review is also identifying more available affordable housing sites. We are working with housing providers and developers to improve this offer.
- Work continues with our Registered Social Landlord (RSL's) to continue to map housing needs going forward. Links are being made with plans for the developments of new housing to ensure where possible it meets the demand for homes of the right capacity.
- There is close working with all RSL's to minimise and militate against the impact of the reforms on tenants. A number of options are being considered. With respect to our largest provider Tristar and their properties in particular, options are being considered with respect to reclassifying properties, turning 3 bed un-let properties into shared tenancies, the procurement of additional 1 bed properties and, through the empty homes scheme, consideration is being given to bringing larger properties back into use via conversion into smaller dwellings. The impact of these changes on income and the overall business model is being considered although the current business model for 2013/14 did build in an assumed void loss for 2013/14 and at this present time is operating within this assumption. These and other options, such as rent models are being considered and will inform changes to the business model going forward.

- The Compass choice based lettings partnership are working to re-launch their scheme and are running an advertising campaign, promoting the scheme to remove myths and stigma of social housing and increase the numbers of applicants on the scheme. Access to the scheme has been simplified. The policy now allows landlords discretion to allocate applicants who would previously have been none qualifying under the scheme, offering incentives such as part/ full furnishing, white goods, decoration etc.
- Advice and support is being provided through the Housing Options Team to support those homeowners at risk of losing their homes. The service provides advice and information alongside representation/ support with court proceedings. In many instances this support has prevented families from having further debt problems and becoming homeless.
- Initial and further funding has been allocated to continue to rollout the CESP Scheme, delivering improved housing and fuel reduction costs now and into the future.

Organisational impact and wider activity

18. As well as impact on residents the introduction of the welfare reform changes are having an organisational impact such as those detailed below, alongside the response to dealing with it and presenting the wider context of activity with key partners locally and work regionally:

- There has been additional demand on customer services with greater numbers asking for support through the CRM system and face to face contact. Monitoring arrangements were in place before the 1st April 2013 and continued after that date, to understand increase / trends in volumes and types/ topics of requests for services. This evidence has been used to support the decision to provide additional posts to meet the demand but will also be used to inform shaping various services in the future.
- The Welfare Reform Board which has been operational throughout 2012 continues to meet providing a more strategic overview and understanding of impact on organisations, the membership of board is comprehensive. The board is chaired by Stockton Council's Corporate Director of Resources. Over time it is anticipated that it will provide the platform for a better understanding of the collective impact on the council, its partners and residents of the borough. The role of the board is to lead on the development of strategies, policies and actions to combat the impact. The board is supported by a number of sub groups feeding information and intelligence up to the board to inform actions, possible policy changes and build a picture of the overall impact.
- A number of supporting working groups meeting at a local, Tees Valley and regional level to share intelligence. This is starting to inform our understanding of the impact on individuals and how our policies are working in practice, differences between localities and across the region, as such creating a merging picture. These networks provide a framework for sharing intelligence and allow us at an early stage to pick up on intended and unintended consequences, differences from one local

authority to another, ensure some level of consistency across the locality, better anticipate impact and mitigate if appropriate.

- Regionally ANEC have commissioned the Institute of Local Governance to conduct a piece of research into the impact of Welfare Reform on the region, the report is due for publication in September 2013. The ILG, continue to be funded through ANEC to undertake some ongoing monitoring and to make recommendations for change. They are working closely with local authorities and other organisations across the region to gather intelligence to inform this research. This will go on to inform future service provision and policy decisions. Their work is being managed through the Regional Leaders and Mayors group and is a regular feature on the agenda of the Regional CEX Group.
- Food Banks - The number of Food Banks across the borough has increased significantly over the last year. A co coordinator has recently been appointed (funded through public health) by "A Way Out", a local voluntary sector organisation who is working closely with the council and other partners. Work is underway to better understand need, usage, criteria, access and coverage across the Borough, referral processes etc. This is to ensure they support those in need and best use is being made of the resources available. Following a staff suggestion work is also underway, in partnership with "A Way Out" to set up food bank collection points in the main SBC buildings for staff to donate food items accepted by the food banks.
- Digital Technology - A mapping exercise is taking place to understand availability to the public for access to computers. This is to support the introduction of Universal Credit and the Authority has signed up to the GO ON UK digital charter which is aimed at increasing access to and skills to use ICT and online services amongst SME's, VCS organisations and individuals within local communities.
- The Council is supporting the recycling of old computers for re use.
- Following the outcome of the Inspection of Children Services additional funding has been allocated to ensure the safeguarding needs of children are being met.
- Cordis Bright have been commissioned to undertake a review of the referral and assessment process to determine whether services, criteria and processes in place to protect vulnerable children are effective and being appropriately applied.
- Most households affected by the benefit cap are supported through the "Team around a child approach" which promotes information sharing and joint work between agencies, to ensure Health and Wellbeing of the family is paramount.
- The ILG have been commissioned to undertake a piece of work looking at the reasons for the increase in numbers of children becoming looked after. This commission will consider whether there is a link between increasing numbers and the introduction of Welfare Reform, allowing us to more effectively target support.

- The authority is working with schools and Child Poverty Action North East to reduce social inequality and “Poverty Proof” the school day. This work is linked to maximising the pupil premium linked to free school meal provision. All aspects of this programme support those children most vulnerable and in need.
- A comprehensive events programme continues to be rolled out with many events/ activities being free of charge.
- Free access and taster sessions have been run throughout the summer holidays at Tees Active outlets. Taster sessions, value for money membership options and promotions are run throughout the year.

Next Steps

19. The network of meetings and forums both locally and regionally, along with monitoring and activity data being collated, will be used to inform future policy and service delivery as the changes following the introduction of Welfare Reform continue to embed. Although the Council and partners are responding and reacting to individual circumstances as necessary where current policy or procedures are causing undue difficulties, currently no significant change to agreed policy needs to be undertaken, until further evidence is available to support change or following a review of impact.
20. The complex nature of this legislation and the possible multiple impact of the individual elements of this reform mean that in some areas this may take a minimum of 12 months before a full understanding /impact is known, especially given the delay in implementation of Universal Credit.
21. The monitoring framework, review programme, networks, planned consultation and commissioned research will provide the necessary evidence to support and inform future strategies and policies to deal with the impact of this legislation and continue our policy to support the vulnerable and target resources to those most in need.
22. Members will continue to receive regular updates to Cabinet linked to the monitoring framework in place to monitor Welfare Reform at both a local and regional level.

FINANCIAL IMPLICATIONS

None.

LEGAL IMPLICATIONS

None.

RISK ASSESSMENT

Risks to collection rates, potential increase in homelessness, impact on services

SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS

EQUALITY IMPACT ASSESSMENT

This report is not seeking approval for any change in policy or service delivery and therefore does not require an equality impact assessment. The introduction of the Welfare Reform Act was subject to a national equality impact assessment.

CONSULTATION INCLUDING WARD COUNCILLORS

N/A

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Education related? N/A

Background Papers: None.

Ward(s) and Ward Councillors: See above.

Property: N/A