

AGENDA ITEM XX

REPORT TO CABINET

6 NOVEMBER 2014

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

Leader of the Council – Lead Cabinet Member – Councillor Cook

**WELFARE REFORM UPDATE INCLUDING PERFORMANCE MONITORING AND UPDATES
ON GENERAL PROGRESS IN ROLLING OUT THE NATIONAL WELFARE REFORM
PROGRAMME**

1. Summary

To present an update on quarter 1 monitoring of the outcomes/impact of Welfare Reform including emerging issues and to update on national developments with regard to welfare reform national rollout.

2. Recommendations

1. The contents of the report be noted;
2. Members note the quarter 1 performance monitoring outcomes and observations;
3. Members note the update received from the new Programme Director of the Universal Credit team re the national rollout of Universal Credit and our concerns re the local impact;
4. Members note the development of a Council led anti-poverty framework bringing together a range of interventions to respond to the impact of Welfare Reform.

3. Reasons for the Recommendations/Decision(s)

This report provides an update on the various welfare reforms, highlighting early indications of impact and areas of concern.

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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WELFARE REFORM UPDATE

SUMMARY

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RECOMMENDATIONS

1. The contents of the report be noted;
2. Members note the quarter 1 performance monitoring outcomes and observations;
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INTRODUCTION

1. Quarterly reports are provided to Cabinet providing information on a range of indicators which show how welfare reforms are impacting. These reports also include detail on any updates the Council has received with regard to further roll out of welfare reform and interventions the Council is making to manage the impact.

BACKGROUND

2. As part of the Government's roll out of welfare reform a number of changes have already been implemented as previously reported to members.
3. The Universal Credit Programme has been subject to a significant amount of bad press, receiving criticism from the Parliamentary Select Committee on Welfare Reform earlier this year amid concern that the national IT system is simply not ready. Programme Directors in charge of the Universal Credit Programme have constantly changed adding to the speculation that the programme is not on course. In a recent announcement Howard Shiplee has stood down as Director General for UC and Neil Couling has taken over as the new Senior Responsible Officer for UC. Neil is the current national lead for job centres and was responsible for implementation of the implemented the Claimant Commitment. The

Government have however periodically written to Local Authorities confirming the programme is on track and working in the North West of the Country where it has been rolled out.

4. On the 29th September 2014 Chief Executives of Local Authorities received a letter from Ann Harris the current Programme Director for Universal Credit. The letter advised that the pilot roll out of UC in the North West during June/July of this year was successful and that UC has now been extended from single people to couples and is being rolled out to all remaining LA's in the North West, commencing on the 15th September. Once complete 90 job centres across Great Britain will offer Universal Credit to single people and couples. The letter states DWP are on track to further expand the service for new claims from families from the autumn.
5. The Work & Pensions Secretary, Iain Duncan Smith has announced that Universal Credit will be rolled out across the country to all Jobcentres and Local Authorities from early next year. National expansion of Universal Credit will commence from February 2015 **for single claimants previously eligible for Jobseekers Allowance**. This plan will ensure Universal Credit is established across Great Britain with new claims to legacy benefits closed from 2016 with migration to follow.
6. Cabinet have previously been updated on the introduction of a local Support Services Framework which is now known as Universal Support. On 10 July 2014 Ministers announced the partnerships that will formally trial aspects of local support, now referred to as 'Universal Support – delivered locally', these trials began on 1 September in eleven partnership areas across Great Britain. These trials will help to inform future delivery and will include the sharing of data, skills and estate to support more households into work. The letter also informs us that DWP will put in place Delivery Partnership Agreements between Jobcentre Plus and Local Authorities to make available funded support for those UC claimants who need extra help. Funding for these arrangements will be negotiated individually, and will not directly affect the figure agreed to administer Housing Benefit during the 2015/16 financial year. DWP state they are working closely with the national Local Authority associations (LGA, WLGA and COSLA) and other Local Government representatives to determine the details of the roll out and we can expect an update in early 2015.
7. To be clear if roll out of UC occurs as stated in the letter then it will be for a limited number of claims for single claimants eligible for job seekers allowance, not all of whom will be housing benefit customers. The more complex new cases will continue to claim help with housing costs from the LA. It will not mean the transfer of the existing benefit caseload at this point.
8. We have previously been advised that Employment Support Allowance applicants continue to claim housing benefit until further notice of which there are currently circa 4,000 claimants in our Borough. Additionally pensioners will also continue to claim housing benefit until the pension credits system is reviewed. Recent information suggests this could be post 2017/18 at the earliest (4,819 pensioners are currently claiming Housing Benefit in our Borough). Likewise customers living in supported accommodation will continue to claim help with their housing costs from the LA. Stockton currently has 423 customers claiming housing benefit living in supported accommodation with indications that this figure will increase due to a recent broader definition being introduced (specified accommodation). In addition 20,721 council Tax Support claims will remain the responsibility of the LA.
9. Even if rollout goes according to plan we anticipate that 80% of the current workload will remain beyond 2016. To put this in context Stockton's Benefit service dealt with 175,000 changes in claimant circumstances and received circa 8,500 new claims for Council tax benefit during 2013/14. Changes in circumstances will continue for the existing caseload.

Discretionary Housing Payments and recovery of Housing/Council Tax benefit overpayments will continue to be the responsibility of the LA.

10. From an SBC perspective this programme carries a series of risks. There is a concern that our admin grant will reduce faster than the caseload reduces placing financial burden on ourselves. From what we know to date this reduction in the grant will not take place in the financial year 2015/16. We believe the government's view of the number of people who will require help to claim and maintain universal credit is underestimated and are concerned that the funding we receive for providing local support may be inadequate. The apparent lack of progress on the creation of a UC IT solution is also concerning. Until we receive more detail about local roll out of UC there is nothing further we can do to prepare for the introduction of UC neither can we properly consider staffing requirements so will need to continue on a business as usual basis.
11. In response to concerns about the impact of the welfare reforms the Council has been putting considerable effort into developing a range of interventions some on its own and some with partners. Interventions include additional resources into advice and information services to ensure the correct level of support for residents, work to reduce fuel poverty, work with schools, ensuring we continue to provide access to a social fund should national funding cease, use of the discretionary housing payment fund to help people sustain tenancies, working as part of Tees Valley Unlimited to create initiatives to get people into work/apprenticeships/start up businesses. Many interventions have been initiated quickly and pragmatically in response to the changing landscape. A range of strategies are in place on specific intervention/topic areas such as the Family Poverty Framework, Housing Strategy etc and it is not intended to duplicate work in these areas. The proposal is to map what interventions we have currently, identify gaps in key areas e.g. food poverty and capture them in one document which focuses on tackling poverty. It is hoped this approach will allow members to take an overview of policy interventions and consider what if anything more we should be focusing on along with any resource implications. Only recently Alan Milburn, the Chair of the Government's Commission on Child Poverty and Social Mobility reported Britain is on the verge of being permanently divided between the "haves and have-nots". Milburn said "... young people are increasingly missing out on the opportunities enjoyed by their parents' generation, like home ownership and job opportunities". He called upon all political parties to do more to end child poverty.
12. Members have previously agreed as part of the medium term financial plan to set aside £500,000 for welfare reform interventions. Consideration as to how these resources may best be allocated to tackle the impact of welfare reform is under consideration. Resources may well be required to progress the development of local Universal Support. Members will be presented with information in relation to spend against this budget in due course and as our approach to anti-poverty gets further developed. Members of the Housing & Community Safety Select Committee have been scrutinising our approach to Welfare Reform over the last 18 months and regular reports continue to be presented to this Committee including recent report on options for taking forward the Social Fund.

Welfare Reform Measures for 2014/15

13. Members agreed the framework to monitor the impact of Welfare Reform in line with principles in support of a manageable and informative process, monitoring short and long term impact.
14. The over-arching principles of monitoring and data collection are:
 - To inform Policy Shaping
 - To provide information to the leadership and executive of the Council
 - To benchmark regionally / nationally

- To collect data at a manageable geography/ community of interest where possible and appropriate.
 - To identify any emerging trends.
 - To monitor short, medium and long term impact
 - To only collect from a data source we hold as a council or from partner organisations.
15. The monitoring framework for 2014 /15 is set out under the following themes, which are linked to the Welfare Reform legislation.
- Universal Credit
 - Personal Independent Payments
 - Under Occupation
 - Social Fund/ Crisis Loans
 - Local Council Tax support Scheme
 - Benefit Cap
 - Satisfaction Measures
 - General / cross cutting e.g. crime, advice/ information.
16. Measures used to track impact are detailed at Appendix 1. Measures are shown as having a direct or indirect link to the implications of the act. Satisfaction measures are detailed under a separate category. Universal Credit has yet to be rolled out in our area; inclusion of measures to monitor the impact will be included as appropriate. Children's activity data and the economic climate update reports, received regularly by members should be considered alongside this welfare reform monitoring arrangements.

Quarter One 2014/15 - Update.

Universal Credit.

17. Measures to understand the activity levels and impact of Universal Credit are to be developed once final arrangements and exact details on local rollout for Universal Credit are known. Although not monitoring this directly colleagues in the Welfare Rights Team have noticed an increased level of enquiries around Universal Credit although numbers remains low at this stage. Enquiries are around clients gaining an understanding of possible impact of Universal Credit and planning ahead where possible.

Personal Independent Payments

18. Measures monitoring direct impact of PIP are mainly related to requests for advice, guidance, assistance and representation for applications and appeals. Figures show similar levels of activity into advice agencies, to those in previous quarters throughout 2013/14. Welfare Rights have indicated that the largest proportion of clients approaching their service are for advice on the Employment and Support Allowance(which replaced Incapacity and Sickness Benefits) and Personal Independence Payments (PIP) (which replaced Disability Living Allowance).Over 40% of the enquiries received by the Welfare Rights Team are Welfare Reform related. Stockton district Advice and Information Service (SDAIS) have seen a 5% increase on clients approaching their service than in the same period last year.
19. Indirect measures include approaches for housing advice, requests for DHP payments and number of applications to the Back on Track Fund, calls to Customer Services about Council Tax or benefits and in year Council Tax collection rates.

20. Approaches for housing advice has seen an increase on the same quarter last year with numbers still continuing to increase each quarter. Debt/ affordability issues show the highest level of enquiries with rent arrears, mortgage arrears and domestic abuse advice requests consistent with previous quarters. An enquiry from numbers of 16 and 17 year olds asked to leave home has seen a reduction on previous quarters by about 50%.
21. Discretionary Housing Payments data for Quarter 1 shows 246 payments made compared to 142 in same period last year with £172,184 paid out compared to £39,634 in same period last year. This is 38.54% of the budget;£74,874.00 relating to 145 applications to support the removal of the spare room subsidy. A further breakdown is available in the appendices
22. The Back on Track fund has seen a 31% increase in applications compared to the same period last year, which can be attributed to the increase in applications for settlement grants.
23. Other indirect measures show an increase of calls about Council Tax some additional 2346 (11%) compared to the same period last year.

Under Occupation

24. Direct measures monitoring the impact of under occupation include numbers affected by under occupation, bids on properties v availability, rent arrears, evictions, repossession orders and approaches for housing advice. Discretionary housing payments, tenancy failures and homelessness applications also support monitoring of the impact of this element of the reforms.
25. In 2013/14 some 2268 individuals were affected by under occupation, this has since reduced to 2055 in Quarter 1 of this year. Some 3247 people are waiting for 1,2 or 3 bed properties, with 1 and 2 bed properties being in highest demand and with the longest waiting times. Further details are in the Appendix. As detailed above a number of these clients are being supported by DHP payments, the impact of which is reflected in the indicators monitoring debt levels which in many cases has shown a decrease on the same period last year.
26. Rent arrears eviction court claims shows an increase, whereas rent arrears repossession court orders show a decline. As a benchmark Tristar properties have seen an increase in the number of starter tenancies failing within the first 12 months, with affordability and demand being the key influencing factors. There has been just one case where the local authority has accepted full duty of homelessness which is a reduction on the same period last year. Some 692 clients approached this service with other resolutions being sought to prevent homelessness.
27. Indirect measures identify that there has been a reduction in the numbers of children subject to a child protection plan, 276 in quarter 1 compared to 356 in the same period last year and 37 new admissions to care compared to 64 in the same period last year.
28. Increases for advice and guidance services and applications to the Back on Track Fund can be attributed to the introduction of the under occupation subsidy.
29. The measure to monitor the use of Food Banks has changed this year with data now coming from SDAIS, who have set up a Food Bank project. The outturn for Quarter 1 shows the numbers of referrals SDAIS have made to a food bank; comparative figures are not available for last year. As more agencies become part of the project methodology for collection will change therefore trend information will not be available in the early stages of reporting. In Quarter 1 some 152 referrals were made.

Local Welfare Assistance Scheme

30. The total number of applications made to the scheme has increased by some 31% on the same period last year with the increase mainly due to applications for settlement grants.
31. There has been a 15% increase in the number of applications for crisis support, however given that this was a new scheme introduced last year the increase is not seen as significant.
32. There has been a 449% increase in the number of applications for settlement support compared with the same period last year(166 applications), again these increase reflect the greater awareness of the scheme.
33. Use of the back on track fund for assistance with rent arrears has also seen an increase in uptake by some 421%, 73 cases have been supported in Quarter 1. Using this fund the Housing Options Team has been able to support clients with either rent in advance payments to secure privately rented accommodation or pay shortfalls for clients to be placed in supported accommodation; the payment being made when there is a delay in the clients benefit.
34. Spend in quarter 1 has been £86,841 which is 28% of the overall annual budget for 2014/15.

Local Council Tax Support Scheme.

35. Direct measures to monitor the impact of the introduction of this scheme include enquiries made directly to customer service regarding council tax , in year council Tax collection rates and enforcement activity.
36. Overall there has been a slight increase in the number of contacts either face to face or by telephone regarding Council Tax enquiries compared to the same period last year. More enquiries are being made by phone rather than face to face however the number of face to face enquiries into Kingsway House has seen an increase of 15% (60) compared to the same period last year.
37. Overall collection rates are very similar to that in the same period last year at 28.91% compared to 28.79% last year, with long term collection rates also indicating similar levels of performance ; 99.10%.
38. Overall enforcement activity has seen a marginal increase; however the percentage of those who have requested a deduction from benefit by way of recovery has increased by around 30%, mainly due to council tax support claimants. Fewer cases have been sent to the bailiff for recovery due to the changes in the enforcement regulations which has reduced the cases that are deemed appropriate due to the revised fee structure.
39. Looking specifically at Council Tax Support claimants, collection rates are similar to those in the same period last year (24.80%). Enforcement activity per thousand dwelling for support claimants has increased around %31 from the same period last year. , the percentage of those who have requested a deduction from benefit by way of recovery has increased by 38% due to it being the most appropriate option for recovery . Bailiff referrals remain at zero with all other options for recovery being pursued first. Welfare visits have also been carried out to try and engage with this customer group.

The Benefit Cap

40. Currently 116 clients are impacted upon by the benefit cap. A reduction in the availability of funds can impact in many different ways depending on individual circumstances. Impact is mainly monitored through numbers of requests for advice and guidance from a number of service operators across the council and its partners. Of those we monitor specifically, council customer access points and SDAIS, there has been an overall increase in enquiries. SDAIS service have reported a significant decrease in the levels of debt reported compared to the same period last year some £3,030,472 compared to £4,565,875 which suggests the support and approaches taken through provision of advice and guidance, DHP, Back on Track and Council Tax support scheme are having an impact.

Survey Measures.

41. A temperature check to monitor perceptions, satisfaction levels, future optimism about the economy and the borough and general wellbeing of individuals is collated through our Viewpoint Residents survey. This is undertaken annually and results are currently not available.

JSA and ESA Sanctions

42. Rules applied to sanctions for those claiming **Job Seekers Allowance (JSA)** changed in October 2012. There are 4 types of decision categories within JSA sanctions as follows:
- **Adverse** - A decision to apply a sanction. i.e a decision is found against a claimant which means a sanction is applied or a JSA claim is closed.
 - **Reserved** – A reserved decision is where a sanction would have applied but cannot be imposed because the claimant does not have a current claim to JSA. A case would be re-referred if the claimant reclaims within the period of the referred decision.
 - **Non adverse** - A decision not to apply a sanction i.e a decision found in favour of the claimant so the sanction or disallowance is not applied.
 - **Cancelled** – A cancelled referral results in no sanction decision being made. This can occur in specific circumstances e.g the sanction referral has been made in error, the claimant stops claiming before they committed the sanctionable failure or information requested by the decision maker was not made available within the required time period.
43. There are 3 levels of sanctions, higher, medium and low which are applied depending on the severity of the non-compliance. The different levels are also applied depending on the frequency of non-compliance.
44. It is not possible to determine from the data published, what level of sanctions are being applied or whether multiple sanctions are applied to individuals. Current data published is current up to March 2014.
45. Figures show an overall increasing trend since the changes were introduced; numbers fluctuate from month to month with a peak in November/ December 2013, more recent figures show a decline. Over the last 6 months figures have fluctuated between 1049 and 688 sanctions per month. Over the same period adverse decisions have fluctuated between 330 and 515 per month with cancelled decisions fluctuating between 254 and 156 per month.

46. Main reasons cited by DWP for non - compliance are:

- **Low-** Failure to attend a scheme, or refusal to take up a place on an employment scheme.
- **Medium** – Not actively seeking employment
- **High** – Failure to apply for a job or accept an offer of a job.

Employment and Support Allowance

47. New sanction rules were applied from December 2012 for those claiming ESA. There are 3 decision categories as detailed below:

- **Adverse** - A decision to apply a sanction. i.e. a decision is found against a claimant which means a sanction is applied or a JSA claim is closed.
- **Non adverse** - A decision not to apply a sanction i.e. a decision found in favour of the claimant so the sanction or disallowance is not applied.
- **Cancelled** – A cancelled referral results in no sanction decision being made. This can occur in specific circumstances e.g. the sanction referral has been made in error, the claimant stops claiming before they committed the sanctionable failure or information requested by the decision maker was not made available within the required time period.

48. Figures show that numbers of all decisions varies from month to month with an overall increasing trend, particularly within the last 6 – 8 months. Over the last 6 months figures of overall ESA sanctions vary between 36 and 72 per month. Statistics for the same period show a range between 8 and 22 per month for adverse decisions and between 9 and 42 cancelled decisions per month.

49. Sanctions are applied for only two reasons; failure to attend a mandatory interview and failure to participate in work related activity, the latter being cited by DWP as the most common reason for ESA sanctions being applied.

50. Graphs showing trends for ESA and JSA decision categories including figures for Stockton on Tees, the Tees Valley and the North East Region are attached at **Appendix 2**.

FINANCIAL IMPLICATIONS

51. It is essential that discretionary housing payments funding is committed and directed to the appropriate households in Stockton for this financial year 2014/15. It will be necessary to ensure we maximise these resources whilst not overspending. Possible impact on MTFP/Council Tax collection, impact on staff/potential redundancy costs should Universal Credit be rolled out by 2017 as indicated by Government.

52. Members will be aware that £500,000 was made available for Welfare Reform Support via the budget report to Council on 26th February. The cessation of Social Fund resources will need to be considered by Members as part of the MTFP in the future.

LEGAL IMPLICATIONS

53. None.

RISK ASSESSMENT

54. There is a risk that the housing benefit administrative grant which funds the majority of staffing costs will reduce at a greater speed than the work reduces causing pressure on the medium term financial plan. There are concerns about the readiness of the national IT system and how this may impact on local service delivery. There are unqualified risks around roll out of universal credit and impact on staffing.

SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS

Environment and Housing

55. The raft of welfare benefit changes continue to cause issues around the availability of affordable housing.

Healthier Communities and Adults

56. Supporting people via advice services to claim appropriate benefits and challenge sanctions where appropriate assists with financial inclusion. Discretionary housing benefits and our back on track arrangements provide additional support to residents facing financial issues.

Stronger Communities

57. Continuing support to residents via the provision of appropriate advice and information services will promote financial inclusion. The further development of anti-poverty measures will further strengthen this.

EQUALITIES IMPACT ASSESSMENT

58. The introduction of any new interventions around welfare reform will be subject to an equalities impact assessment.

CONSULTATION INCLUDING WARD/COUNCILLORS

59. Previous member seminars on welfare reform, ongoing Select Committee consideration of key issues.

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Education related N/A

Background Papers: None.

Ward(s) and Ward Councillors: See above.

Property: N/A