

AGENDA ITEM XX

REPORT TO CABINET

4 DECEMBER 2014

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

Leader of the Council – Lead Cabinet Member – Councillor Cook

WELFARE REFORM UPDATE : QUARTER 2 2014/15

1. Summary

To present an update on quarter 2 monitoring of the outcomes/impact of Welfare Reform including emerging issues.

2. Recommendations

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

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

To present an update on Quarter 2 monitoring of the outcomes/impact of Welfare Reform including emerging issues.

RECOMMENDATIONS

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

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. Since reporting at Quarter 1 there is no further national update to report this quarter, however monitoring data for Quarter 2 has been provided below. Full details are included in Appendix 1.

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.

Welfare Reform Measures for 2014/15

3. 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.
4. 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.
5. 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.
6. 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 Two 2014/15 - Update.

Universal Credit.

7. Measures to understand the activity levels and impact of Universal Credit are now being considered following the announcement that limited rollout will commence for certain cohorts from early 2015. A range of measures are being considered to assist in the understanding, impact and implications of the phased approach to the rollout. Welfare Rights has noted a further increase this quarter on those making enquiries about Universal Credit, increasing to 6.3% of their business from 3.2% last quarter.

Independent Payments

8. Measures monitoring direct impact of PIP are mainly related to requests for advice, guidance, assistance and representation for applications and appeals. Figures show a slight increase (5%) on the previous quarter for those accessing advice and information about financial matters and benefits, showing a continued slight upward trend. Welfare Rights have indicated that still 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.

9. 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.
10. Approaches for housing advice has seen an increase on last quarter but a slight decrease on the same period last year. Debt/ affordability issues show the highest level of enquiries with rent arrears, mortgage arrears and domestic abuse advice requests consistent with previous quarters.
11. Discretionary Housing Payments data at Quarter 2 shows 402 payments made compared to 237 in same period last year, with £222,551 paid out compared to £89,355 in same period last year. Overall 56% of the total budget of £446,762 has now been spent. In total 402 of the 606 applications have received payments from this fund. A further breakdown is available in the appendices.
12. The Back on Track fund has seen a further 33% increase in applications compared to quarter 1, which can be attributed to the increased promotion and subsequent awareness of the scheme.
13. Other indirect measures show an increase of calls with queries about Council Tax from the last quarter and a slight increase on the number of enquiries taken in the same period last year.

Under Occupation

14. Direct measures monitoring the impact of under occupation include actual 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.
15. In 2013/14 some 2268 individuals were affected by under occupation, this has since reduced. Further data is awaited on waiting times for properties and numbers of applications for properties
16. Rent arrears eviction court claims shows a slight decrease from the previous quarter, whereas rent arrears repossession court orders show an increase. A direct comparison of numbers is not always appropriate but current data equates to 42% of total households with rent arrears eviction claims or repossession court orders compared to 45% in the same period last year. As a benchmark, Tristar properties continue to see a rising trend in the number of starter tenancies failing within the first 12 months although this quarter is slightly down on last quarter, with affordability and demand still being the key influencing factors. There are no cases this quarter where the local authority has accepted full duty of homelessness in accordance with the national definition. Some 831 clients approached the Housing Options service potentially presenting as homeless however other resolutions were sought to prevent any of these clients becoming homeless.
17. Indirect measures identify that there has been a reduction in the numbers of children subject to a child protection plan, 304 at the end of quarter 2 compared to 356 in the same period last year. Children taken into care remains a similar number to those in quarter 1, with most being short term admissions.

Local Welfare Assistance Scheme

18. The total number of applications made to the scheme in quarter 2 has increased by some 33% on quarter 1 of this year, with some 345 applications compared to 259. This increase is attributed to the wider marketing of the scheme.
19. There has been a 35% increase in the number of applications for crisis support, compared to quarter 1. Five Lamps the provider has identified that the quality of applications have been of a much higher standard which supports the increase in awards.
20. There has been a 22% increase (some 262) in the number of applications for settlement support compared with the previous quarter; again the quality of applications supports the increase in awards.
21. Use of the back on track fund for assistance with rent arrears has seen a further increase in quarter 2, 81 compared to 73, which will put pressure on the rent in advance budget managed by the Housing Options Team. Money has been used 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.
22. The spend profile for 2014/15 of the Back on Track budget has been based on spend in quarter 4 of 2013/14. Current spend has exceeded the profile allocation for the first 6 months of this year but a cap on the maximum pay-out on a settlement of £500 should bring this back into line. The agreement of the cap was approved by cabinet and supports the overall holistic approach to provide financial support for as long as possible following the withdrawal of funding in the longer term.

Local Council Tax Support Scheme.

23. 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.
24. 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 continue to be made by telephone rather than face to face.
25. Collection rates are very similar to that in the same period last year with long term collection rates also indicating similar levels of performance of 99.10%.
26. Overall enforcement activity is similar to that of the previous quarter but has seen a marginal increase overall on the same period last year. The breakdown of activity is not available this quarter due to the changes introduced by the new Internal Enforcement Service and a new recording system. Cases were held back pending the commencement of this service, statistics are therefore not available or comparable for this this quarter. Monitoring of enforcement activity under the new service will be reviewed to ensure it provides a level of understanding of impact of the reforms, on clients.

The Benefit Cap

27. Numbers impacted by a benefit cap fluctuate regularly depending on a change in circumstances. Latest figures suggest approximately 116 clients are impacted by the benefit cap. A reduction of the availability of funds can impact on individuals 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 continues to report a decrease in the levels of debt reported compared to the same period last year.

28. The measure used 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 2 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 SDAIS project, numbers are likely to show an increase. Some 160 referrals were made in Quarter 2.

Survey Measures.

29. 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. Autumn 2014 results highlight that:
- 55% of residents think that the economy of the local area is really struggling or not doing well. This is a 13% point reduction on 2013/14, which shows a positive direction of travel.
 - 27% of residents think that their personal financial circumstances will get worse over the next 12 months. This is a 2% point reduction on 2013/14, which is a positive direction of travel.
 - 14% of residents never or rarely feel optimistic about the future. This is a 7% point reduction on 2013/14, which is a positive direction of travel.
 - 95% of residents surveyed had experienced at least one financial challenge in the last 12 months. This is a notable 24% point increase on the 71% reporting this in 2013/14, which reflects in the figures reported on impact and use of services being provide by the Local Authority and it partners, in support of mitigating Welfare Reform and the impact of the economic climate.

JSA and ESA Sanctions

30. There is only an additional 1 month's data published since the information reported at Quarter 1, 2014/15. As further data is expected to be available by Quarter 3 reporting, a fuller picture of activity relating to JSA and ESA claimants will be provided.
31. Stockton District Advice and Information Service have recently published a report on the impact of the new sanctions regime. This piece of social policy research has been completed with the assistance of the SWAN Network and is based on research undertaken by four organisations; SDAIS, Thrive, Thirteen Group and Stockton's Welfare Rights Team. The report provides an understanding of the JSA and ESA sanctions, looks into the application of the criteria, highlights impact on different geographies across our borough, provides some case studies detailing impact on clients and makes a series of recommendations. SDAIS and the other agencies are currently progressing with DWP, concerns that have been raised through undertaking the research, to try and resolve some of the problems identified.

FINANCIAL IMPLICATIONS

32. 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.

33. 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

34. None.

RISK ASSESSMENT

35. 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

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

Healthier Communities and Adults

37. 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

38. 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

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

CONSULTATION INCLUDING WARD/COUNCILLORS

40. 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