

AGENDA ITEM

REPORT TO CABINET

23 MARCH 2016

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

Lead Cabinet Member - Leader of the Council - Councillor Cook

WELFARE REFORM UPDATE – Q3 2015-16

1. SUMMARY

To present an update on monitoring of the outcomes/impact of welfare reform and a summary of actions undertaken by the council to mitigate against circumstances arising from the implementation of these changes.

2. RECOMMENDATIONS

1. That the contents of this report are noted.
2. Members note the performance monitoring outcomes and observations provided.
3. Members are requested to approve funding of £40,000 from the Welfare Reform Fund to continue the council's temporary support work to assist residents in receipt of local council tax support in accessing all the relevant benefit and support they are entitled to, for another 12 months from April 2016 (see paragraphs 24 to 26).
4. Members are requested to approve funding of £29,831 to Stockton District Advice and Information Service (SDAIS) from the Welfare Reform Fund to fund the recruitment, training, support and supervision of a team of 30 volunteer advocates to provide support to people who have repeatedly accessed emergency food relief through food banks, for 12 months from April 2016 (see paragraphs 47 to 50).

3. Reasons for the Recommendations/Decision(s)

This report provides an update on the various welfare reforms, highlighting 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).

AGENDA ITEM

REPORT TO CABINET

23 MARCH 2016

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

Lead Cabinet Member - Leader of the Council - Councillor Cook

WELFARE REFORM UPDATE – Q3 2015-16

1. SUMMARY

To present an update on monitoring of the outcomes/impact of welfare reform and a summary of actions undertaken by the council to mitigate against circumstances arising from the implementation of these changes.

2. RECOMMENDATIONS

1. That the contents of this report are noted.
2. Members note the performance monitoring outcomes and observations provided.
3. Members are requested to approve funding of £40,000 from the Welfare Reform Fund to continue the council's temporary support work to assist residents in receipt of local council tax support in accessing all the relevant benefit and support they are entitled to, for another 12 months from April 2016 (see paragraphs 24 to 26).
4. Members are requested to approve funding of £29,831 to Stockton District Advice and Information Service (SDAIS) from the Welfare Reform Fund to fund the recruitment, training, support and supervision of a team of 30 volunteer advocates to provide support to people who have repeatedly accessed emergency food relief through food banks, for 12 months from April 2016 (see paragraphs 47 to 50).

INTRODUCTION

1. Quarterly reports on welfare reform have been provided to Cabinet for the past three years, providing information on a range of indicators which show how these changes are impacting on residents and service provision across the borough. These reports have also included detail on any updates the council has received with regard to the further roll-out of welfare reform and interventions the council is making to manage its impact on our residents.
2. As part of the existing monitoring arrangements, new or unexpected trends have emerged such as heightened activity around benefit sanctions, the use of local food banks and shifts in the rented housing sector from social to private landlords.
3. Following feedback received on previous quarterly reports, at the end of 2014/15 there was a review of the large range of information previously provided to ensure that it was more focussed and easier to follow, yet continued to provide an accurate and robust summary of welfare reform issues. This report continues to use that more focussed range of information.
4. The Institute of Local Governance (ILG) are continuing to undertake work monitoring the impact of welfare reform across the region. The outcomes from that research work are proving useful in understanding the local impact of welfare reform and whether it differs from the impact across the wider region.
5. A basket of monitoring indicators has been developed to support the ILG research work, which has been entirely included within the monitoring framework provided at **Appendix 1**, with each of those measures clearly labelled.

BACKGROUND

Welfare Reform Measures

6. Measures used to track impact are detailed at **Appendix 1**. The monitoring framework is set out under the following issues:
 - Advice and Information Services;
 - Discretionary Housing Payments;
 - Social Fund/Crisis Payments;
 - Housing;
 - Local Council Tax Support Scheme;
 - Employment; and
 - General/Cross-cutting.

Building a Brighter Future Framework

7. Cabinet approved the updated “Building a Brighter Future Framework” in February 2016, which will assist in targeting interventions on reducing family poverty throughout the borough. This updated framework was launched through the Stockton Strategic Partnership Annual Business Event on 1 March 2016.

Supported Accommodation

8. The government has taken the decision to reduce rents in the social sector by 1% for the next four years to bring them back in line with the private rented sector. A supported housing review is being conducted which is expected to start delivering findings in the spring of 2016. In light of this, the government has announced that there is to be a year-long exception for all supported accommodation to give them time to study the evidence of the review. They will work with providers across government to consider the options for the remainder of the rent reduction policy and longer term solutions for the supported sector.
9. The government has also announced that it will align the social sector with the private sector by introducing Local Housing Allowance limits to social sector tenants in receipt of Housing Benefit or the housing element of Universal Credit. This is to apply from April 2018 for new tenancies which have been taken out or renewed after April 2016. However, housing schemes that provide extra care and support involve much higher housing costs. The government has recently confirmed that as they work towards implementation, the Department of Work and Pensions (DWP) and the Department for Communities and Local Government (DCLG) will work closely with the sector to make sure that the appropriate protections are put in place for those in supported housing.

Universal Credit (UC)

10. In December 2015, every local authority received a letter from Neil Couling, Director General for UC at DWP. The purpose of the letter was to share information about the roll-out of UC from May 2016 in order to assist local authorities with their forward planning, particularly in 2016/17.
11. The full national digital service will be rolled-out in stages beginning with a small number of job centres per month, with implementation scheduled to be completed by the middle of 2018.
12. A subsequent letter in February 2016 provided us with confirmation of the roll-out programme, providing job centre locations to December 2016. Stockton-on-Tees is not part of this first phase.
13. We can expect further consultation and announcements on the continued roll-out later this year. As each of the sites transition, the full service will be open to all new claims from all claimant types, including anyone who is currently on existing benefits or tax credits and has a change of circumstances that would trigger a new claim for UC. DWP advise that the current intention is to complete the final stage by 2021, which will involve converting the stock of existing Housing Benefit claims onto UC.

Administering Housing Benefit during the implementation of Universal Credit

14. In view of the degree of uncertainty this brings to the planning for Housing Benefit services, we have been informed that the planned reductions to the administration subsidy for local authorities will not now be implemented for the 2016/17 year.

15. In his initial letter, Neil Couling covered the impact on Housing Benefit staff. There is recognition that the uncertainty of the current position affects the decisions that local authorities make on investment in the service and their staffing levels. The letter emphasised that the run-down of Housing Benefit delivery for people of working age by local authorities will be gradual over three to five years, and they are not proposing to make changes to the delivery of Housing Benefit to pensioners in this period. Therefore, there will be an ongoing requirement for local authorities to deliver Housing Benefit for the foreseeable future.

Managing the financial consequences of phasing out Housing Benefit for Working Age claimants

16. As local authorities work with DWP on establishing UC and phasing out Housing Benefit, there will be consequences for the people who currently administer Housing Benefit for people of working age. Neil Couling's initial letter referred to TUPE arrangements for the first time, pointing out that the government had reached a firm conclusion that, because of the nature of UC as a new benefit, delivered in a new and fundamentally different way, there would be no "relevant transfer" of staff working on Housing Benefit today. However, given the phased nature of the changes (through until 2021), DWP want councils to undertake activities to help the people affected to be redeployed or reassigned within councils where possible. DWP will meet the full costs of compulsory redundancies for those people that local authorities are unable to successfully redeploy or reassign, once local authorities can show that all redeployment and reassignment activity has been undertaken.

Universal Credit Locally

17. Universal Credit was introduced in the Stockton area on 7 December 2015 for new, single claimants who would otherwise have claimed Jobseeker's Allowance. Only a total of six applications for the local council tax support scheme were manually processed by Housing Benefit staff in December 2015 and January 2016. During this initial period, the bulk of the additional Housing Benefit work has been servicing 114 requests for information on UC claimants from the DWP's UC Service Centre.
18. As part of the roll-out of UC, Stockton Borough Council are working closely with the DWP to deliver services that are flexible and sensitive to local needs, with the aim of delivering a joined-up approach for the customer. SBC has signed up to a delivery partnership agreement with the DWP to support national expansion of UC as an interim arrangement until a full Universal Support offer is in place. This is to include helping customers to get on-line to make their claim, providing personal budgeting support to prepare and support claimants for the financial changes UC brings and to provide the UC Service Centre with assistance to handle housing cost claims. Regular operational and strategic partnership meetings have been scheduled to support the roll-out process.

Local Council Tax Support Scheme

19. Members considered a number of options for Stockton's local council tax support scheme and following public consultation agreed on the "shared reduction" option with all working age claimants paying a minimum contribution of 20% of the council tax charge.
20. The Local Government Finance Act imposed a duty upon local councils to adopt a local council tax support scheme, to replace council tax benefit, from April 2013. The existing scheme will remain in place for the financial year 2016/17. It is designed to safeguard the financial position of the council whilst trying to ensure that the effect of the scheme does not disproportionately affect any particular group of residents.

21. The overall council tax collection rate at Q3 2015-16 is 83% and is expected to achieve the year-end target of 97%. Long term collection rates remain very high, with over 99.2% of the annual debit collected after three years.
22. Levels of recovery including the issue of summonses remain very much on par with volumes issued last year. There have been significant increases in the number of post summons accounts referred for bailiff action, with the service making greater use of the in-house enforcement team as it has become established following its introduction in September 2014.

Local Council Tax Support Scheme National Consultation

23. Local authorities were recently asked by the government to provide some comments on the local council tax support scheme. The Leader of the Council prepared a response making reference to the continued disappointment that LCTSS is not fully funded and the limitations around local choice given the prescriptive nature of the scheme. In addition, concerns were raised over the additional 2% levy on council tax (to fund social care provision) as this will add an additional burden to those on low incomes. We await the outcome of the review.

Support to Struggling Council Tax Payers

24. In March 2015, Members approved funding for a temporary period of 12 months for work to help to identify some of our potentially vulnerable council tax payers in receipt of local council tax support, to ensure they were accessing all the relevant benefit and support they are entitled to.
25. The work undertaken has been very successful and we have contacted over 400 council tax payers and have been able to help more than a 100 of our more vulnerable customers by maximising their entitlement to various reliefs and discounts. Most customers have received an average reduction in their council tax bills of between £53.00 and £70.00 with a small number of customers being eligible to a full council tax discount or exemption from the charge. This work is extremely labour intensive and cannot be accommodated within existing resources and there remains a lot of work to do.
26. Members are requested to approve funding of £40,000 from the Welfare Reform Fund to continue the council's temporary support work to assist residents in receipt of local council tax support in accessing all the relevant benefit and support they are entitled to, for another 12 months from April 2016.

Benefit Cap

27. The Chancellor announced in his Budget statement on 8 July 2015 that the benefit cap will be lowered. The maximum amount of out-of-work benefits working-age families can receive outside of London will be £20,000 per annum, (£13,400 for single adults with no children). The groups of claimants who will be exempted from the cap will be confirmed by Royal Assent and these will then be notified to local authorities.
28. In the absence of any behavioural response to the policy, it is estimated that 120,000 households across Great Britain may be affected by the lowering of the benefit cap. The DWP has now started to formally engage with local authorities regarding these forthcoming changes. They have confirmed that in late April 2016 they will send a scan with details of Housing Benefit customers likely to be impacted by the changes to the benefit cap levels in autumn 2016.
29. To ensure that local authorities are able to support households adjusting to this and other welfare reforms, the government has set out an enhanced package of Discretionary

Housing Payment funding over the next five years. Local authorities will be able to use this funding to support households to adjust to welfare reforms. We have now received confirmation of Stockton's allocation from DWP, which has increased by 27% to £493,699 for 2016-17. In addition, the DWP will provide additional "New Burdens" funding to assist local authorities with administration costs.

30. The Welfare Reform and Work Bill is entering the final stages of its parliamentary passage and, should Royal Assent be granted, then it is expected that the new benefit cap changes will be in place across Great Britain by 2017. Further detail on New Burdens funding and plans, including dates from which the new levels will start to be implemented, will be shared with local authorities in due course.

Discretionary Housing Payments

31. 77% of the DWP budget of £389,061 has been spent in 2015-16 to date, with 514 awards of Discretionary Housing Payment (DHP) made from 721 applications received. 56% of these awards were made because of the removal of spare room subsidy and 27% to mitigate the impact of Local Housing Allowance restrictions. 61 awards (12%) of DHP were not related to changes to Housing Benefit as a result of welfare reform.

Targeted work being undertaken by Welfare Rights Team

32. The Council currently has 235 clients subject to appointeeship. As part of the welfare reform programme, each client will be re-assessed for entitlement to Personal Independence Payment (PIP) from Disability Living Allowance (DLA). They will also be re-assessed for entitlement to Employment and Support Allowance (ESA). The Welfare Rights Team have agreed to provide intensive support to this client group working alongside colleagues in the Adults and Health Directorate. The support will include completion of re-assessment forms and appeals where necessary. The impact will hopefully negate a loss of benefits which could reduce the contribution made to Stockton Borough Council for any care received resulting in a loss of income to the council. It will also avoid impacting on other parts of the council including extra workload for Housing Benefit and Local Council Tax Support sections and Back on Track.
33. For the year to date, 2,291 people sought assistance from the Welfare Rights Team, with people from every ward seeking advice. The top three issues were benefit checks, Employment and Support Allowance and Personal Independence Payment.
34. Of these 2,291 people, 985 sought assistance with regard to welfare reform issues, such as the removal of spare room subsidy and the benefit cap.
35. At the end of Q3 2015-16, the Welfare Rights Team had raised confirmed benefit awards of £858,871, breaking through the £million mark in January 2016. Over the year, the team were successful in supporting claimants in 81 separate benefit appeal tribunals.

Bedroom Restrictions

36. The Court of Appeal has recently ruled that the removal of the spare room subsidy or "bedroom tax" unlawfully discriminates against victims of domestic violence and disabled children. The ruling follows two separate judicial reviews relating to a victim of domestic abuse living in a sanctuary scheme and a severely disabled child who requires an overnight carer. Ministers are however planning to appeal the decision in the Supreme Court. From a local perspective, the bedroom restrictions will still apply until we receive details from DWP that the rules have been changed.

Advice and Information Services

37. The advice and information services provided through the local authority (Welfare Rights Team and Housing Options) and the Stockton District Advice and Information Service (SDAIS) have a large proportion of their caseload related to welfare reform issues. There remain very large numbers of people approaching these services for generalist advice and in relation to welfare reform issues, but there has been a settling down of those numbers in 2015-16 compared to the same periods in the previous year.

Social Fund/Crisis Payments

38. In 2012 the government abolished some of the nationally administered elements of the Social Fund and allocated funding to local authorities to provide replacement provision for Crisis and Community Support Grants. Stockton commissioned a local welfare assistance pilot scheme from the third sector and awarded the contract to Five Lamps. The scheme became known as "Back on Track".
39. Following the local government settlement announcement made in December 2013, the Housing and Community Safety Select Committee recommended that a sustainable future for the Back on Track service should be investigated and alternative methods of delivering 'crisis/short term' support be identified. In October 2014, Cabinet agreed to provide a more affordable, pared down scheme to be delivered in-house to produce efficiencies which would extend the scheme to at least March 2019. Members also agreed to reduce the maximum ceiling for awards from £1500 to £500 to reflect this.
40. Members took the decision to provide customers with recycled and second-hand goods rather than brand new to ensure that the funding could be made available for an extended period of time to provide adequate assistance to those most in need in our borough. It is the case that there has been a reduction in awards being made since these changes were introduced. A number of customers have shown their dissatisfaction in being offered second hand and recycled goods and have chosen not to progress or have withdrawn their claim. However the team can report that those customers who have accepted this kind of assistance have been very complimentary about the service and goods received and a number of our partner agencies have also reported that they are very satisfied with this approach.
41. There has also been a decline in the number of customers taking up the offer of assistance since the removal of cash and shopping vouchers. On reviewing these cases a number relate to the reporting of lost or stolen benefit, purses, missing money. When asked to provide evidence to substantiate their current income or capital a number of customers have turned down the offer of assistance or failed to provide the information requested. This is the experience of many other local authorities delivering crisis support. However the team is able to ensure that those who meet the qualifying conditions and provide the appropriate information have access to food, emergency support for fuel costs and housing. Those who decline help are also provided with advice about other options and support available to them.
42. Q3 2015-16 saw the largest amount paid out in any quarter of the year-to-date, with 109 claims meeting the eligibility criteria and nearly £29,000 paid to claimants, mainly in relation to settlement support. The operation of the scheme is currently being reviewed to ensure that the eligibility criteria remain appropriate and that the available support is reaching those most in need.

Housing

43. There has been a generally stable position on under-occupation, rent arrears, evictions and most other housing related issues.

General/Cross Cutting

44. Overall crime figures have increased significantly over the past year, in Stockton and elsewhere in the country. No direct link can be made to the impact of welfare reform, as it is considered that these increases are much more likely to be a function of different crime recording procedures being employed rather than a large increase in actual crimes committed.

Tax Credits

45. Members will be aware that the government has shelved its immediate plans to make significant changes to the tax credits system. If new proposals emerge, we will consider the local impact and provide details to Cabinet.

Your Community Bank - Tees Credit Union

46. The current location of Your Community Bank in Stratford House is not ideal. Tees Credit Union are currently in negotiation with Love Stockton about sharing the premises at 111 High Street that they are expecting to sign a lease on soon. Should this proceed, Your Community Bank will have a High Street presence later in 2016, which will greatly increase the visibility of the credit union's offer and lead to greater use of its services.

Food Banks

47. Public Health have part-funded a one-year project for SDAIS to look in detail at the usage of food banks in the borough. A summary of the report is provided at **Appendix 2**, with the following profile of Stockton food bank users collated through this research:
- most food bank users are aged 25-44 (59%), with 16% aged between 16-24 and less than 2% aged over 65;
 - over half of food bank clients were single (57%) and a further 24% were households with dependent children;
 - 55% of food bank clients were male; and
 - 7% of food bank clients were from black and minority ethnic communities.
48. As a direct result of this research, SDAIS have identified a pressing need to provide support to those people who have repeatedly accessed emergency food relief through food banks. During the period from January to November 2015, 1,371 people used food banks in Stockton, with 225 people (16%) having used food banks on three or more occasions.
49. SDAIS have submitted a proposal to SBC that they will recruit, train, support and supervise a team of 30 volunteer advocates to this client group, to deliver positive outcomes on improving their welfare position and general financial wellbeing and accessing training and employment opportunities. SDAIS have advised that £29,831 would fund the provision of the proposed service for 2016-17, with the initial training undertaken during this period enabling the service to be provided on a longer term basis.
50. Members are requested to approve funding of £29,831 to Stockton District Advice and Information Service (SDAIS) from the Welfare Reform Fund to fund the recruitment,

training, support and supervision of a team of 30 volunteer advocates to provide support to people who have repeatedly accessed emergency food relief through food banks, for 12 months from April 2016.

FINANCIAL IMPLICATIONS

51. If approved, the recommendations in this report will be funded from the Welfare Reform Fund.

LEGAL IMPLICATIONS

52. None.

RISK ASSESSMENT

53. 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.

SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS

Environment and Housing

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

Healthier Communities and Adults

55. Supporting people via advice services to claim appropriate benefits and challenge sanctions where appropriate assists with financial inclusion. Discretionary housing benefits and "Back on Track" arrangements provide additional support to residents facing financial issues.

Stronger Communities

56. 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

57. The introduction of significant new interventions around welfare reform may be subject to an equalities impact assessment or a community impact assessment.

CONSULTATION INCLUDING WARD/COUNCILLORS

58. Through previous seminars on welfare reform, regular reports to Cabinet and ongoing consideration of key issues by the People Select Committee.

Contact Officer:

Julie Nixon
Transformation Team
01642 527072
julie.nixon@stockton.gov.uk