

AGENDA ITEM

REPORT TO CABINET

14 JULY 2016

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

Lead Cabinet Member - Leader of the Council - Councillor Cook

WELFARE REFORM UPDATE – Q4 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. Members note the contents of this report..
2. Members note the performance monitoring outcomes and observations provided.
3. Members are requested to approve additional funding of approximately £70,000 per annum from the Welfare Reform Fund for three years from 2017-18 to 2019-20 to maintain the current level of staffing and service in the Council's Welfare Rights Unit (see paragraphs 7 to 13).
4. Members are requested to approve additional funding of approximately £40,000 per annum from the Welfare Reform Fund for three years from 2017-18 to 2019-20 to continue to assist residents in receipt of Local Council Tax Support to access all the relevant benefit and support they are entitled to (see paragraphs 25 to 27).

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).

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INTRODUCTION

1. Regular reports on welfare reform have been provided to Cabinet over the past three years, providing information on a range of indicators which show how these welfare 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, trends have been identified and monitored such as heightened activity around benefit sanctions, increases in 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) have undertaken work monitoring the impact of welfare reform across the region. The outcomes from that research work have proven 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.

7. **Welfare Rights Unit**

The Welfare Rights Unit is now a part of the Council's Finance and Business Services Directorate, and is based at 16 Church Road, Stockton-on-Tees.

This is a small service, consisting of a manager, four welfare rights officers and a first contact officer. Additional resources have been provided to enable two additional welfare rights officers to be seconded for a temporary period to the service, helping to undertake specific projects.

The Welfare Rights Unit are producing some excellent results, with £1,414,306 in additional benefits paid in 2015-16 to some of the borough's most vulnerable people, including £839,715 to social care clients.

An example of the type of project work that the Welfare Rights Unit have recently undertaken is provided below.

8. **Over 85's Benefit Take-Up Campaign**

"Protecting the vulnerable through targeted intervention" is a key policy principle within the Council Plan, with one of the key objectives being to reduce the impact of poverty on family life.

The introduction of the Care Act 2014 placed a greater emphasis on local authorities to provide preventative services that help to reduce or delay the need for other local authority support services.

Aligned to those principles and objectives, a benefit take-up campaign was targeted at those households containing an over 85 year old who were **not** in receipt of Attendance Allowance, but who were in receipt of Housing Benefit and/or Council Tax Support.

9. **Methodology**

The Council's Welfare Rights Unit (WRU), working in partnership with the Council's Housing Benefits Service, identified nearly 1,150 such households containing an over 85 year old.

Of these households, 388 were not on a pass-ported benefit and it was this group that was initially targeted in the benefit take-up campaign. Partner organisations, Stockton District Advice and Information Services (SDAIS), the Thirteen Group and Age UK agreed to assist with a number of claimants.

A personal letter was sent to each targeted household, explaining the reason for contact, and requesting that the householder contact the Welfare Rights Unit, so that a benefits check could be carried out.

For each respondent, a Welfare Rights Officer carried out a full benefits check, identifying any further entitlement to benefits, assisting them to make claims and liaising with appropriate agencies.

10. **Outcomes**

Personal letters sent:	388
Responses received:	160
No Further Action:	43

Home Visits: 117

Claims Made: 158 (some of the households were entitled to claim for more than one benefit).

From the 160 responses received, home visits were organised for 117 households. As a result of these 117 home visits, 48 households were found to have had their correct entitlement and no further action was taken on those cases.

However, 69 households were found to have an entitlement to additional assistance, with 155 separate successful claims made for combinations of Attendance Allowance, Pension Credit, Council Tax Support, Housing Benefit and Carer's Allowance.

For these 69 households, the average award per week was £98.44, which equates to £353,220 when calculated on an annualised basis.

In addition to the average of £98.44 per week additional income achieved, a further £57,560 was awarded in backdated benefits to these vulnerable people, an average of £834.20 per household, made up mainly of Attendance Allowance and Pension Credit.

11. **Feedback**

Some of the positive feedback received from the householders and their families included:

"Thanks for the help with my 86 year old mother-in-law. This money has helped us provide better care for her."

"The worker's knowledge and attitude was excellent and helped our family situation."

"I am delighted how I have been treated as though I mattered."

"I didn't know about this service. I received a letter and am so pleased I called them. Thank you."

Stage Two of the benefits take-up campaign will concentrate on the nearly 800 households identified with an over 85 year old, that are currently on a pass-ported benefit, and it is hoped that this will be completed by March 2017.

12. **Other Project Work - Benefit Cap**

The Welfare Rights Unit have been provided with a list of 400 households from the Department of Work and Pensions that are at risk of detriment from the newly reduced Benefit Cap of £20,000 per annum.

This list is being examined to determine the levels of cap for individual households. The families most likely to be adversely affected will be contacted to advise of possible exemptions and to provide budgeting support and help with moving into work. Full details of this campaign will be provided in the next Welfare Reform report.

13. **Additional Funding Request**

Given the level of demand for the Welfare Rights Unit, and the excellent results being produced, Members are requested to approve additional funding of approximately £70,000 per annum from the Welfare Reform Fund for three years from 2017-18 to 2019-20 to maintain the current level of staffing and service in the Council's Welfare Rights Unit.

14. **New Advice and Support Services for Vulnerable People in Stockton**

Stockton and District Advice and Information Service (SDAIS) recently led a partnership of four voluntary, community and social enterprise (VCSE) organisations which has been successful in a bid to bring in significant new funding from the Big Lottery Fund to support vulnerable people in the borough.

The funding is to develop services for people in hardship and crisis and it is a partnership of four agencies including:

- SDAIS - to give holistic advice and on-going support including benefits, debt and housing advice; co-ordination of project;
- Billingham Food Bank – to develop their services in the borough;
- Bridges – to provide support to people in crisis affected by substance misuse; and
- ACTES – Achieving Change Through Enterprising Solutions - to help people in crisis move into training and employment.

The four organisations have joined together to deliver the “Help through Crisis” project in the borough, which will provide long term support to move people away from crisis and develop their resilience and stability. The total funding secured is just under £500,000 for five years, meaning that each year around £100,000 will be split between the four agencies to deliver this new project.

This project was one of only five successful bids in the North East. One reason the bid was successful is because the project builds on existing work that SDAIS, the food bank and Bridges have been doing for the last year. Members may recall that this initial work was funded through a one-year grant from Stockton BC’s Public Health budget, and has meant that there is better co-ordination and reporting on the numbers of people using food banks and the reasons why they are going to emergency food providers. This has shown that the single biggest cause of people having to access food banks is due to problems about welfare benefits; including benefit sanctions and payment delays.

It was this initial investment to address some of the problems linked to welfare reform that has now led to this significant new funding coming in to provide enhanced support services for vulnerable people in crisis in the borough.

The new service will aim to provide comprehensive, holistic and long term support and advocacy to people in crisis who can be referred from any agency that identifies such clients, including:

- Council teams, including Welfare Rights Unit and Housing Options;
- food banks; and
- voluntary and community sector organisations.

It is projected that the service will assist 425 clients each year. The focus is not on assisting high numbers of people, but rather on co-ordinated and integrated work with a small number of individuals and families that will increase their independence and resilience and reduce the risk of them being in welfare crisis in the future.

In addition, the monitoring and reporting of use of food banks will continue, providing valuable information that can be used to target resources where they are needed most and identify longer term strategies for preventing or minimising the negative impacts of welfare reforms.

Building a Brighter Future Framework

15. Cabinet approved the updated Building a Brighter Future Framework earlier this year, which will assist in targeting interventions on reducing family poverty throughout the borough.

Supported Accommodation

16. 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. The government is currently conducting a supported housing review. 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 the longer term solution for the supported sector.
17. 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. Housing issues relating to the under 35's are dealt with in a report elsewhere on the July 2016 Cabinet agenda.

Universal Credit (UC)

18. In December 2015 every local authority received a letter from the Director General of the DWP. The purpose of the letter was to share some information about the proposed roll-out of UC in order to assist local authorities with their forward planning.
19. The full service is scheduled to be rolled-out in stages beginning with five Jobcentres a month, accelerating to fifty Jobcentres a month from the end of 2016. Full implementation is scheduled to be completed by the middle of 2018. We are awaiting further information on the roll-out plan, including the locations for 2016/17. 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 Housing Benefit Administration subsidy for local authorities will not be implemented for the 2016-17 year. With the Transition phase to be completed in the middle of 2018, DWP will begin the final stage of implementing UC, converting the stock of existing Housing Benefit claims onto UC, to be complete by early 2021. We await further details on this.

Administering Housing Benefit during the implementation of Universal Credit

20. The letter also covered the impact on Housing Benefit staff. There is recognition that the uncertainty of the current position affects decisions local authorities make for example investment in the service and staffing levels arrangements. This letter provides a little more certainty for us as we can plan for the medium term subject to reduced subsidy. The letter refers to TUPE arrangements for the first time pointing out that Government have 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.

21. 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. DWP want to take steps to see if they can ensure that people affected are redeployed within councils where possible. However where people can't be redeployed, DWP will meet the full costs of compulsory redundancies, once local authorities can show that all redeployment and reassignment activity has been undertaken.
22. Universal Credit was introduced in the Stockton area on 7 December 2015 for new, single claimants who would otherwise have claimed Jobseeker's Allowance. There are 846 UC claimants throughout the borough, the vast majority being non-householders. This is reflected in the fact that the LA has seen little change in the Housing Benefit (HB) caseload attributable to UC. Currently we have just 88 customers in receipt of Council Tax Support who would previously have also claimed HB.
23. 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

24. Earlier this year, local authorities were asked by the government to provide some comments on the Local Council Tax Support Scheme. The Leader of the Council responded, making reference to the continued disappointment that LCTS 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.
25. The independent review is now complete and has made a number of recommendations to the government on how the schemes could be improved. The focus of the review was on the effectiveness, efficiency, fairness and transparency of the different LCTS schemes. It considered their impact on the localism agenda and whether or not the schemes should be brought within Universal Credit. A copy of the report can be found at [www.gov.uk/government/uploads/system/uploads/attachment_data/file/514767/Local Council Tax support schemes - review report.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/514767/Local_Council_Tax_support_schemes_-_review_report.pdf). We await the government's response.

Support to Struggling Council Tax Payers

26. In February 2016, Members approved funding for a further temporary period of 12 months for work to help to identify some of our potentially vulnerable Council Tax payers in receipt of LCTS, to ensure they were accessing all the relevant benefit and support they are entitled to.
27. The work undertaken has been very successful and we have been able to help over one hundred 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 to contact the many vulnerable people in the borough.

28. **Members are requested to approve additional funding of approximately £40,000 per annum from the Welfare Reform Fund for three years from 2017-18 to 2019-20 to continue to assist residents in receipt of Local Council Tax Support to access all the relevant benefit and support they are entitled to.**

Bedroom Restrictions

29. The Court of Appeal ruled earlier this year that 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

30. The advice and information services provided through the local authority (Welfare Rights Unit 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 recent quarters.

Discretionary Housing Payments

31. Slightly more than 100% of the DWP budget of £389,061 was spent in 2015-16, with 751 awards of Discretionary Housing Payment (DHP) made from 1,021 applications received. 55% of these awards were made because of the removal of Spare Room Subsidy (Bedroom Tax), and 24% to mitigate the impact of Local Housing Allowance restrictions. 115 awards (15%) of DHP were not related to changes to Housing Benefit as a result of welfare reform.
32. The national DHP funding pot has been increased to £150 million for 2016-17, an increase of £25 million (20%) compared to 2015-16 funding. This comprises of funding for four separate areas of support; Core funding, Local Housing Allowance (LHA), Removal of the Spare Room Subsidy (RSRS) and the Benefit Cap. Stockton’s allocation from DWP has increased by 27% to £493,699 for 2016-17.

Social Fund/Crisis Payments

33. Prior to the Welfare Reform Act 2012, the DWP was responsible for the administration of the Social Fund. 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”.

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 support should be identified. In October 2014, Cabinet agreed to provide a more affordable 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 £1,500 to £500 to reflect this.

The scheme is intended to be a fund of last resort and currently provides two types of support:

- Crisis Support for people in immediate need (food, fuel, clothing, baby consumables); and
 - Settlement Support to help people remain in the community or move back into the community after a period in supported or unsettled accommodation (i.e. furniture, carpets, white goods, removal costs).
34. 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.
35. 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.
36. 2015-16 saw 495 successful support applications claims meeting the eligibility criteria and over £93,000 paid to claimants, mainly in relation to settlement support. Crisis support awards tend to be smaller amounts mainly to meet short term fuel needs.

Housing

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

Local Council Tax Support Scheme

38. 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.
39. 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.
40. The overall Council Tax collection rate for 2015-16 was 96.5%, slightly below 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.

41. 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 to the Council's in-house enforcement team who provide a more holistic and customer-focussed service than that provided by external bailiff firms.

General/Cross Cutting

42. 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

43. 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.

FINANCIAL IMPLICATIONS

44. As detailed within the report.

LEGAL IMPLICATIONS

45. None directly.

RISK ASSESSMENT

46. 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.

POLICY THEME IMPLICATIONS

Environment and Housing

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

Healthier Communities and Adults

48. 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

49. 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.

COMMUNITY IMPACT ASSESSMENT

50. The introduction of significant new interventions around welfare reform may be subject to a community impact assessment. There are no interventions detailed in this report that require such an assessment.

CONSULTATION INCLUDING WARD/COUNCILLORS

51. Through previous Member Seminars on welfare reform, regular reports to Cabinet and consideration of key issues by the People Select Committee.

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