

**AGENDA ITEM**

**REPORT TO CABINET**

**10 NOVEMBER 2016**

**REPORT OF THE  
CORPORATE  
MANAGEMENT TEAM**

**CABINET/COUNCIL DECISION**

**Lead Cabinet Member - Leader of the Council - Councillor Cook**

**WELFARE REFORM UPDATE – Q2 2016-17**

1. SUMMARY

This report provides an update on the monitoring of outcomes and impacts 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. Cabinet recommend to Council that the current Local Council Tax Support Scheme is retained for the financial year 2017-18 (see paragraphs 17 to 18).
4. Members approve the contract for the provision of borough-wide advice and information services to Stockton District Advice and Information Services (SDAIS), for a period of three years from April 2017, with an option to award a contract extension for a further two years from April 2020 (see paragraphs 19 to 22).

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 for several 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, 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. 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.
4. 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

5. 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.

### 6. **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. As a result of previous Cabinet decisions, additional resources have been provided to enable two additional temporary welfare rights officers to undertake specific projects.

The Welfare Rights Unit are producing some excellent results, with over £1.4m in additional benefits paid in 2015-16 to some of the borough's most vulnerable people.

### 7. **Benefit Cap Work**

The reduced Benefit Cap will be introduced from 7 November 2016, lowering the maximum amount of benefits payable to claimants outside London by £6,000 to £20,000 (£384.62 per week) for couples and single parents and by £4,800 to £13,400 (£257.69 a week) for single people.

The benefits included in calculating the reduced Benefit Cap are detailed below:

- Child Benefit;
- Child Tax Credit;
- Housing Benefit;
- Incapacity Benefit;
- Income Support;
- Jobseeker's Allowance;
- Employment and Support Allowance (except when in the support group);
- Maternity Allowance;
- Severe Disablement Allowance;
- Widowed Parent's Allowance and Bereavement Allowance.

In Stockton, those affected by the Benefit Cap will have their Housing Benefit payments reduced to bring them to the weekly cap levels.

This much reduced level of Benefit Cap led to 384 couples and single parents being identified as likely to be adversely affected. No single claimants were identified as likely to be adversely affected by the new level of Benefit Cap.

<b>Amount of potential weekly Housing Benefit reduction</b>	<b>Number of families affected</b>
Over £110.00	12
£90.00 - £109.99	27
£70.00 - £89.99	79
£50.00 - £69.99	46
£30.00 - £49.99	34
£10.00 - £29.99	152
£0.00 - £9.99	34
<b>Total</b>	<b>384</b>

8. The Welfare Rights Unit have worked in partnership with Stockton Families First, other Council departments and landlords and have managed to contact most of these families, prioritising contact with those at risk of the greatest level of financial reduction.

Of the 206 families that the Welfare Rights Unit have contacted to date:

- 29 families have gained an exemption from the Benefit Cap;
- 14 further families may gain an exemption;
- 19 families have moved out of the borough;
- 89 families are engaging in work to mitigate the impact;
- 55 families have decided not to engage with the Unit.

The 55 families that have decided not to engage with the Unit are spread throughout the borough, with nine being located in Billingham wards, eight in Thornaby wards and 37 in Stockton wards. Many of these families are likely to be severely affected by the reduced Benefit Cap, with 38 families potentially losing more than £70 Housing Benefit per week.

Further attempts will be made to engage with these families around the time when the reduced Benefit Cap will start to have an impact.

However, most families have taken the opportunity to engage with the Welfare Rights Unit, with some examples of successful engagement provided below:

The Welfare Rights Unit contacted a family who felt that they should move to a smaller property because of the likely impact of the introduction of the reduced Benefits Cap.

The family were assisted through:

- Referral to Housing Solutions, who helped the family identify and secure a suitable property;
- a successful Back on Track application for removal and resettlement expenses; and
- a new claim for Housing Benefit and Council Tax Support.

The family will now not be affected by the Benefit Cap, as their living expenses have substantially reduced and they are now living in a suitable, but more affordable property.

The Welfare Rights Unit contacted a family who were likely to be significantly adversely affected by the introduction of the reduced Benefits Cap and who were also in extensive rent arrears with their landlord.

A review of their benefits entitlement, led to a successful backdated application for Personal Independence Payment (PIP). The backdated PIP payment was used to clear their rent arrears and means that they are now exempt from the Benefits Cap.

## 9. **Attendance Allowance Over 85s Campaign**

Working in partnership with a number of Council departments and other organisations, the Welfare Rights Unit have been identifying elderly people who may be entitled to Attendance Allowance.

The Council's Welfare Rights Unit (WRU), working in partnership with the Council's Housing Benefits Service, identified over 1,300 such households containing an over 85 year old.

Of these households, over 400 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.

From this work, 129 households were found to have an entitlement to additional assistance, with successful claims made for combinations of Attendance Allowance, Pension Credit, Council Tax Support, Housing Benefit and Carer's Allowance. A total of £525,830 (annualised) in extra benefits has been claimed for this very vulnerable group of people.

## Multi-Disciplinary Service

10. As part of the Better Care Fund, the Council, in conjunction with its partners in Health and Voluntary Community and Social Enterprise Sector, have established a Multi-Disciplinary Service which includes a team of Well-being Facilitators and the Stockton Welfare Advice Network (SWAN). The Well-being team and the SWAN are funded by the Better Care Fund.

The Well-being team undertake full health, social care and well-being assessments which include an assessment of welfare and associated needs. If the Well-being Assessor identifies anyone who appears to qualify for further welfare support, the client is passed onto the SWAN who then provide all the support needed to ensure they claim for all the support to which they are entitled.

In the first year of operation the Multi-Disciplinary Service has supported people to access over £660,000 of welfare support and unclaimed benefits. The service was recently recognised for its best practice at the national Association for Public Service Excellence (APSE) awards where it won the award for the Best Health and Wellbeing Initiative.

## Tees Credit Union

11. Your Community Bank, Tees Credit Union is having a successful year. From the same period last year, adult membership has grown by 22% to 2,460, with junior membership also showing similar levels of growth to 480 members. These increases are due in part to the work undertaken in schools and communities by the financial education officer and apprentice funded through the Infinity Financial Inclusion Partnership, and also by the promotion of the payroll savings and loan scheme to local businesses.

Tees Credit Union is on a transformation journey, with developments this year including:

- upgrading the banking platform with funding from the Lloyds Credit Union Foundation;
  - upgrading customer security through the migration to cloud-based ICT services;
  - a new website which includes the facility to directly apply for membership and loans and account access;
  - securing a prominent location on Stockton High Street to deliver services from, sub-leasing from Love Stockton at 111 High Street; and
  - gaining one of only ten national places on the Barclays Credit Union Development Programme. This programme helps to deliver enhanced financial capability and personal capacity for the Board, employees and credit union members.
12. Your Community Bank facilitates two essential goods loan schemes, one on behalf of Stockton-on-Tees Borough Council and the other on behalf of Tristar Homes Ltd (now part of the Thirteen Group). This scheme helps local people to buy essential goods for their homes including carpets, washing machines, fridges, beds and sofas. The customers who are engaged with this scheme choose appropriate goods, whether upcycled, recycled or new. To access the scheme they must become a member of the credit union, then apply for a loan to cover the cost of the goods. Once this is agreed, the staff team orders the goods and has them delivered to the property.

There has not yet been the take up expected with these schemes. Currently in each scheme:

	Number of loans	Average amount borrowed	Number of loans declined	Default rate
Stockton-on-Tees Borough Council	70	£334	56	43%
Tristar Homes	97	£409	24	20%

13. The reason for declining these loans is predominantly that customers cannot afford to pay the loan back (affordability). The risk attached to these loans is also greater than average borne out by the amount of these loans that once released, go into default. The credit union staff do try to encourage those applicants who present as not being able to afford loan repayments to save a small amount on a regular basis over an eight week period and then make an application at this time (traditional credit union methodology). This has only been successful with a couple of customers.
14. Public Health Stockton has funded Your Community Bank to deliver a project that supports better health and wellbeing in our communities. Tees Credit Union, during usual operations, interviews customers regarding a range of health matters, including mental health issues and drug, alcohol and gambling matters. This data is used preliminarily to triage the customer to an appropriate service provider, and is then collated and provided to Public Health Stockton to be used for health and wellbeing campaigns and related service provision.

### **Future Funding of Supported Accommodation**

15. The Government has recently announced its proposals regarding the future funding of supported housing. The Local Housing Allowance (LHA) cap will not be applied until April 2019, when a new system will operate, suggesting a fundamental shift from an entitlement-based funding to a cash limited "top-up pot" that local authorities will administer.

Housing costs will be paid up to the LHA cap, but for costs over the LHA rate, funding will be devolved for local authorities to provide additional to-up funding to providers where necessary. The costs of supported housing (which includes a variety of accommodation) are higher than those of general needs accommodation.

The value of the top-up pot and the number of households who are likely to be affected is not known at this stage. A consultation exercise regarding these proposals is expected later in 2016. Once further information is available, an evaluation of the implications and impacts on both the Council and supported housing tenants will be undertaken and provided to Members.

### **Pay To Stay**

16. Government have announced that they will require council tenants in England with a higher income (currently defined as more than £31,000 per year, or £40,000 in London) to pay a higher rent, with the details of how rent increases will be calculated to be set out at a later date. The change is being introduced through the Housing and Planning Act and will apply specifically to council tenants, although housing associations will be allowed to introduce a similar scheme on a voluntary basis should they choose to do so. At this stage it is not clear which registered housing providers operating in the borough will introduce this scheme and the number of potential tenants that it will affect.



## **Local Council Tax Support**

17. The Local Government Finance Act imposed a duty upon local councils from 2013-14 to adopt a Local Council Tax Support Scheme (LCTSS), to replace Council Tax Benefit. Members considered a number of options for Stockton's LCTSS 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.
18. There has been an independent review undertaken of the operation of LCTSS throughout England and Wales, but as yet no formal response from the government. On that basis, Cabinet are asked to recommend to Council that the existing LCTSS is retained for the financial year 2017-18. Local Council Tax Support Schemes are not fully funded so there can be some impact on the medium term financial plan and reports will be provided as part of the financial report to Cabinet. Any future scheme review will require full consultation with the public.

## **Advice and Information Services**

19. SBC commissions a contract for the provision of borough wide advice and information services. The aim of the service is to provide residents with access to a high quality advice and information service which meets local needs from simple diagnosis and information through to legal advice, assistance and advocacy and representation at court proceedings. The current contract was awarded to Stockton Advice and Information Services (SDAIS) for two years and expires in March 2017. SDAIS are unique in that:
  - the organisation benefits from the Citizens Advice (CA) brand and franchise;
  - as a CA, SDAIS has access to the CA information system 'Adviser Net'. This on-line information resource enables SDAIS to have access to accurate, comprehensive and daily updated legal advice in the following areas:
    - welfare benefits;
    - debt advice;
    - housing;
    - employment;
    - family;
    - health and community care;
    - education;
    - consumer rights;
    - discrimination; and
    - immigration.
  - As a CA, SDAIS has access to the National Association of Citizens Advice Bureaux (NACAB) Client Data and Case Management System (Petra) unique to CA. comprehensive data on advice/welfare needs is available from micro level (Super Output Areas) to macro level (north east region and national);
  - comparable data with other local authority areas, regional and national; and
  - comprehensive and consistent data on clients (profile characteristics include age, health and disability, household and dependents, ethnicity, ward and constituency) and advice/welfare needs.
20. As a member of the NACAB, SDAIS can input into and benefit from the national network of CA and a London-based social policy team. This enables SDAIS to:
  - collect evidence of social policy issues faced by people in Stockton and assimilate this with evidence nationally, increasing the impact and potential for change (e.g. SDAIS provided social policy evidence on payday loans to a local MP who raised it

in Parliament and also to the NACAB social policy unit which then used it to campaign for better regulation of loan companies);

- initiate social policy campaigns at local, regional or national level; and
- carry out local social policy work by utilising national CAB statistics and evidence (e.g. on fuel poverty and young people).

21. CA members have a competition protocol that means they will not compete for Local Authority funding. Therefore if SDAIS bids for any such Local Authority funding there could not be any competitive bids from other Citizens Advice or members of NACAB. In effect, this gives SDAIS exclusivity to use the Citizens Advice brand and franchise within the Stockton area.
22. SDAIS has access to additional funding that is only available to members of NACAB and must consistently meet the quality standards set down by NACAB. On the basis of their uniqueness and exclusivity, (they were the sole bidder in previous tendering exercises for this provision), and having sought legal and procurement advice, we are proposing to directly award a contract to SDAIS under Section 5 of the Contract Procedure Rules – Exceptions to the Contract Procedure Rules rather than using the competitive tendering process due to the specialist/ exclusive nature of the service. The specification has been refreshed and it is proposed the contract period will be three years commencing in April 2017 and ending in March 2020 with an option to review the provision and funding and award a contract extension for a further two years. The contract value is £235,000 per annum and built in will be a 1% annual uplift to reflect inflationary increases in staff salaries.

### **Welfare Reform and People with Learning Disabilities and/or Autism**

23. The Adult and Health Select Committee have recently undertaken a review of Access to Services for People with Learning Disabilities and/or Autism. One of their recommendations is for the People Select Committee to monitor the support provided by the DWP to people in receipt of benefits with learning disabilities and/or autism. To facilitate the delivery of this recommendation, this report will continue to be discussed at six-monthly intervals by the People Select Committee, and will contain specific information on that issue from Q4 2016-17.

### **Discretionary Housing Payments**

24. Slightly more than 49% of the DWP budget has been spent or committed at the half-year point of 2016-17, with Discretionary Housing Payments (DHP) of £243,205 made or committed to date.
25. 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 increased by 27% to £493,699 for 2016-17.

### **Social Fund/Crisis Payments**

26. 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 and 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 and removal costs).

27. Members took the decision to provide customers with recycled and second-hand goods rather than brand new goods 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 expressed dissatisfaction at being offered second hand and recycled goods and have chosen not to progress their claim. The majority of customers who have accepted this kind of assistance have been very complimentary about the service and goods received.
28. 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 and 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.
29. 2016-17 has seen a small increase in support applications claims meeting the eligibility criteria, with over £52,500 paid to claimants, mostly in relation to settlement support. Crisis support awards tend to be for smaller amounts, substantially to meet short term fuel needs.

## **Housing**

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

## **Council Tax Collection**

31. The overall Council Tax collection rate for 2016-17 to date is 55.6%, slightly below the targeted level. Long term collection rates remain very high, with over 98.5% of the annual debit collected after three years.
32. 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**

33. Overall crime figures have increased significantly over the past 18 months, 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**

34. 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**

35. As detailed within the report.

## **LEGAL IMPLICATIONS**

36. Advice and information services are classified as "Social and Other Services" under Schedule 3 of the Public Contract Regulations 2015. As such, the threshold for application of the full requirements of the regulations are for contracts valued above £589,148. The potential aggregated contract value for this advice and information contract is £1,175,000, which clearly exceeds the threshold and therefore the full requirements of the regulations apply.

Under certain circumstances, laid down in Section 32 of the Public Contract Regulations 2015, contract authorities may award public contracts by a negotiated procedure without prior publication of an advert to the market for the contract opportunity. In this case the following grounds will apply:

Where the services can be supplied only by a particular economic operator for the following reasons:

- Competition is absent for technical reasons, and
- The protection of exclusive rights, including intellectual property rights.

Upon award of contract, a contract award notice will be submitted to the Official Journal of the European Union (OJEU). The notice will include the above justification for the direct award of contract.

## **RISK ASSESSMENT**

37. Risks in relation to Welfare Reform are currently assessed as "High", with an impact and likelihood score both of 4 out of 5. This assessment takes into account the large amount of mitigation work being undertaken by the Council and partner organisations.

## **POLICY PRINCIPLES**

### Protecting the vulnerable and promoting equality of opportunity through targeted intervention

38. 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.

Developing strong and healthy communities and creating economic prosperity across the borough

39. 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**

40. 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**

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

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