

AGENDA ITEM

REPORT TO CABINET

12 JULY 2017

**REPORT OF THE SENIOR
MANAGEMENT TEAM**

CABINET DECISION

Lead Cabinet Member - Leader of the Council - Councillor Cook

WELFARE REFORM UPDATE – Q4 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. This report seeks approval to create an additional class of local discretionary Council Tax discount of up to 100% for care leavers up to 25 years of age under Section 13A (1) (c) of the Local Government Finance Act 1992, and to make some minor changes to the existing scheme (see paragraphs 20 – 30).

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. A basket of monitoring indicators has been developed and provided at **Appendix 1**.

BACKGROUND

Welfare Reform Measures

4. 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.

Welfare Rights Unit

5. Benefit Cap Work

The Welfare Rights Unit is now a part of the Council's Revenues and Benefits Service, and is based at Bayheath House, Stockton-on-Tees. This is a small service, consisting of a manager and five welfare rights officers.

The Welfare Rights Unit are producing some excellent results, with over £2.6m in additional benefits paid in 2016-17 to some of the borough's most vulnerable people. This is almost double the total achieved last year, due to effectively targeted benefits take up work and more robust recording through a new case management IT system.

The reduced Benefit Cap was introduced in November 2016, lowering the maximum amount of benefits payable to claimants 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 have their Housing Benefit payments reduced to bring them to the weekly cap levels.

This much reduced level of Benefit Cap led to 454 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.

Of the 454 families that the Welfare Rights Unit have contacted:

- **122** families have gained an exemption from the Benefit Cap;
- **39** families have moved out of the borough;
- **188** families have decided not to engage with the Unit.
- **4** families are still working with the Unit; and
- **101** families have received a Discretionary Housing Payment.

In addition, 104 successful claims for unclaimed benefits totalling £400,170 have been made to date.

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

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.

Last year, successful claims were 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.

Tees Credit Union

11. Your Community Bank, Tees Credit Union has had a successful year. Adult membership has grown to over 2,630, with junior membership also showing similar levels of growth to nearly 500 members. These increases are predominantly due to a referral marketing campaign and outreach work in Hartlepool after the demise of their local credit union.
12. Tees Credit Union has had a prominent presence at 111 High Street, Stockton for several months, where the Love Stockton café has been located. The closure of the Love Stockton café is likely to mean that the credit union will need to move to more suitable and affordable accommodation, with several town centre options currently being examined.
13. A new chair has been appointed, Brian Avery, a retired local NHS surgeon, and the board has been strengthened by the appointment of Jane Edmends, Stockton Council's Housing Services Manager.
14. Tees Credit Union is in negotiation with Moneywise Credit Union (Newcastle) about a possible amalgamation to create a stronger and more financially robust credit union. Tees Credit Union would still operate from its current location, with the same telephone contact, website and employees, but the amalgamation would mean improved back office services and improved customer access.
15. 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

16. Last year, the Government 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. 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.

The Infinity Partnership

17. The Council continues to support the Infinity Partnership, which is a forum of organisations in the borough that are committed to promoting and progressing financial inclusion. The partnership aims to ensure that everyone in the borough has the opportunity to access and use the financial services they need to avoid or overcome disadvantage or poverty caused by financial exclusion. In 2015-16, Infinity Partnership members secured over £1.1 million in unclaimed benefits.

The Locality Forums, in partnership with the Infinity Partnership members, are delivering on “A Brighter Borough for All”, a strategy which was refreshed in 2016 in recognition of the impact that the economic downturn and welfare reforms have had on the income and circumstances of particular groups. In producing the updated strategy, it was agreed that we need to continue to adopt a preventative approach to help reach those individuals who may be at risk of becoming trapped in poverty and provide a helping hand to those who need it the most. The annual Stockton Strategic Partnership event held in March 2017, led to the development of an action plan to support these communities. One strand of the plan, the provision of advice days, has been successfully trialled and will now be rolled out across other priority areas.

Welfare Reform and People with Learning Disabilities and/or Autism

18. The Adult and Health Select Committee have 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.

Discretionary Housing Payments

19. 102% of the DWP budget was spent in 2016-17, with Discretionary Housing Payments (DHP) of £508,719 made. 933 awards were made out of 1,186 applications received. The National Discretionary Housing Payment funding for 2017/18 is £185 million, an increase of £35 million (23%) compared with 2016/17. Stockton’s allocation has increased by over 15% to £576,512 for 2017-18.

Additional Support for Care Leavers

20. Section 76 of the Local Government Act 2003 inserted a new Section 13A into the Local Government Finance Act 1992 to give billing authorities discretion to reduce the amount of Council Tax payable for situations that were not covered by national discounts or exemptions. A policy framework to inform the decision-making process in relation to applications for reductions from Council Tax payers facing severe hardship was approved by Stockton's Cabinet in February 2007 and revised in 2013.
21. The scope of Section 13A was extended by the provisions of Section 10 of the Local Government Finance Act 2012 which introduced Local Council Tax Support (granted under S13A (1)(a) and provided for discretionary reductions to be awarded under S13A (1)(c) in situations where reductions were not available under other discount, exemption or reduction schemes.
22. Under S13A (1 (c), councils can determine "classes" of cases or dwellings where discount will be awarded. A class of use is where several people who pay Council Tax fall into a group because their circumstances are similar. In 2013, the Council prescribed war pensioners in receipt of savings credit as a class of people requiring such assistance.
23. In July 2016, the government made recommendations in the care leaver's strategy "Keep on Caring" that local authorities should consider exempting care leavers from Council Tax, using their existing discretionary powers.
24. An increasing number of local authorities are introducing measures that mean that more and more care leavers across the country no longer have to pay Council Tax. We are not aware of any other authority in the north east that has yet implemented this measure, but are aware that a number are considering it.
25. In developing a new category of discount, the following options need to be considered:
 - the value of the discount (100% or a lower amount);
 - the age limit for awarding a discount; and
 - whether the discount should apply to the whole household regardless of financial circumstances.
26. The full cost of any S13A (1) (c) reductions is met by local Council Tax payers and cannot be shared with major precepting authorities, such as the Fire and Police authorities.
27. Awarding a 100% discount from council tax for young care leavers would be a clear and positive example of the Council's commitment to fulfilling its corporate parenting responsibility.
28. It is recommended that a new class of discretionary discount is created with effect from 1 April 2017, to reduce the amount of Council Tax payable for any care leaver living within the borough by up to 100% up to the date that they reach 25 years of age, and that this is applied retrospectively for any care leavers residing within the borough from 1 April 2017.
29. Individual applications for a reduction in the amount payable from other Council Tax payers will continue to be considered on a case-by-case basis and only approved in exceptional circumstances, including exceptional financial hardship. It is recommended that the policy is further extended to include applications from people experiencing personal crises, difficult events or mental health issues which mean that they are having extreme difficulty in coping with day-to-day financial matters. The proposed framework for assessing such applications is provided at **Appendix 2**.

30. Whilst the proposed discretionary discount from Council Tax will provide valuable support to a small group of care leavers, it will not represent a significant financial commitment for the Council. It is estimated that approximately £10,000 per annum will cover the net cost to the local authority of implementing this change.

Social Fund/Crisis Payments

31. The crisis payment 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).
32. 2016-17 has seen a small increase in support applications claims meeting the eligibility criteria, with over £102,700 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.

Universal Credit

33. Universal credit continues to be rolled out nationally in stages based on postcode area. UC is now in every jobcentre across Great Britain for single jobseekers. This is known as 'Live Service' with claims being managed by phone.
34. Stockton Revenues and Benefits Service has signed a partnership agreement with the Department of Work and Pensions (DWP) to provide Universal Support to:
- assist the Universal Credit service centres with housing cost queries,
 - support vulnerable customers with Personal Budgeting Support (PBS)
 - provide Assisted Digital Support (ADS) to help customers access UC online and navigate the website.
35. From April 2018 Universal 'Full Service' is scheduled for the Stockton area, which will significantly expand the customer base. In preparation for this, during 2017-18 we will be working with the DWP and other local authorities to understand the changes and the possible implications for Stockton. Further details will be reported to members in the next welfare reform report.

Housing

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

Council Tax Collection

37. The overall Council Tax collection rate for 2016-17 was 96.31%. Long term collection rates remain very high, with over 98.5% of the annual debit collected after three years.
38. Levels of recovery including the issue of summonses remain very much on par with volumes issued last year.

General/Cross Cutting

39. Overall crime figures have increased significantly over the past two years 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.

FINANCIAL IMPLICATIONS

40. The report seeks approval to create an additional class of local discretionary Council Tax discount of up to 100% for Stockton-on-Tees Borough Council's care leavers up to 25 years of age under Section 13A (1) (c) of the Local Government Finance Act 1992, and to make some minor changes to the existing scheme. It is estimated that approximately £10,000 per annum will cover the net cost to the local authority of implementing this change.

RISK ASSESSMENT

41. 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

42. 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

43. 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

44. 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

45. 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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