

**AGENDA ITEM**

**REPORT TO CABINET**

**16 NOVEMBER 2017**

**REPORT OF THE SENIOR  
MANAGEMENT TEAM**

**CABINET/COUNCIL DECISION**

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

**WELFARE REFORM UPDATE – Q2 2017-18**

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 2018-19 (see paragraph 10).

3. Reason for the Recommendations/Decisions

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 updates with regard to the further roll-out of welfare reforms and interventions the Council is making to manage the impact on our residents.
2. 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 detailed basket of monitoring indicators is no longer being provided as an appendix to this report, although that information is being used in the updates provided. For future reports, an infographic will be provided that presents the key information in a more accessible format.

**BACKGROUND**

**Universal Credit**

4. Universal Credit (UC) is being rolled-out across the country in stages, replacing six benefits with one combined payment:
  - Income Support (IS);
  - Jobseekers Allowance (Income Based) (JSA(IB));
  - Employment and Support Allowance (Income Related) (ESA(IR));
  - Working Tax Credit (WTC);
  - Child Tax Credit (CTC); and
  - Housing Benefit (HB).

UC is currently in operation throughout the country for new single jobseekers, with claims being managed by phone. It is being expanded to include all claimant types (subject to a number of exceptions) claiming any of the above benefits, so it will affect:

- single people;
- families;
- customers out of or in work, including the self-employed;
- customers who are ill or disabled; and
- carers.

This expanded service is scheduled to be introduced into Stockton from April 2018 and in preparation for this we are working with the DWP to fully understand the changes and the possible implications. Existing customers will remain on their existing benefits until such time that their claim can migrate to UC.

Following the introduction of the 'full service', the local authority will continue to be responsible for:

- existing Housing Benefit claimants who do not have a relevant change of circumstances;
- Housing Benefit for pensioner claimants;
- Housing Benefit for families with three or more children;
- the housing cost element for claimants living in Supported Housing;
- Discretionary Housing Payments for both UC and Housing Benefit claimants; and
- Local Council Tax Support.

All Members will be invited to a seminar early in the New Year to provide an in-depth briefing on the implications of the UC rollout.

The Locality Forums in partnership with the Infinity Partnership are working towards preparing for the roll out. Planned work to support local communities includes:

- Briefings will be delivered across a range of groups and organisations throughout the borough to raise awareness and prepare both communities and organisations on what will be required and how clients can be supported.
- The Locality Forum Chairs are part of a UC Task and Finish Group established through the Infinity Partnership and will be considering all aspects of the process of moving residents onto UC to ensure it is managed effectively. This will include developing a social media campaign to raise awareness, with a consistent message across all Infinity Partnership members.
- A Thirteen Group UC Event is to be held in February 2018, targeting service providers across the borough.
- A range of resident advice days have been planned in different locations throughout the course of the year.

## **Welfare Support**

5. To create a more joined-up approach to the delivery of the Welfare Assistance Scheme (Back on Track), Discretionary Housing Payments and Council Tax hardship payments, these functions have been brought together with the Welfare Rights Team to form the Welfare Support Service. The Welfare Support Service is based within the Revenues and Benefits service and is able to offer more rounded support to the residents of Stockton. The team are now taking direct referrals from:

- Adults and Health;
- Children's Services;
- Housing Solutions;
- Revenues and Benefits; and
- SDAIS

## Welfare Rights

6. The Welfare Support Service is delivering some excellent results for some of the most vulnerable people in the borough, with almost £1.3m in additional benefit payments being received in the first six months of the year.

**Case Study 1:** Miss A is a repeat "Back on Track" customer, regularly requesting crisis help to meet her basic requirements for food and fuel. Miss A's underlying mental health issues made effective engagement very difficult.

The Back on Track Team referred Miss A for a full benefits entitlement check. After several months support from the service, Miss A is now in receipt of Employment Support Allowance (ESA), Personal Independence Payment (PIP) and is now exempt from the Under Occupation charge (Bedroom Tax).

In total, Miss A has gained by £281 per week as a direct result of this support, which has significant positive implications for the quality of her life and her need for crisis help.

**Case Study 2:** Mr B was having difficulty with his Universal Credit claim. He was subject to an Under Occupation charge, was having large deductions made from his benefit and had accrued significant levels of rent and Council Tax arrears.

The Revenues and Benefits Council Tax Recovery Team made a referral to the Welfare Support Service to see if he could be supported to improve his financial position. After a few weeks of providing the necessary level of support, Mr B's UC is now in regular payment and reductions have been made in his benefit deductions. A Discretionary Housing Payment was awarded that cleared his rent arrears and will cover the Under Occupation charge until further notice. Arrangements have been made with regard to his Council Tax arrears and he is now making payments towards this debt.

Mr B is in receipt of an extra £29 per week UC and £11 per week DHP, having had £233 of rent arrears cleared. That extra income has enabled him to manage his own affairs more effectively.

**Case Study 3:** Ms C was having difficulty with her UC claim, had three separate sanctions in place and had accrued large rent arrears. Ms C was difficult to engage with due to her mental health problems.

The Back on Track Team referred Ms C for a full benefits entitlement check and intensive support. After several months, the UC sanctions were overturned after appeal and a Discretionary Housing Payment was awarded that totally cleared her rent arrears.

In monetary terms, Ms C is now receiving UC of £73.74 per week and has received a £1,058 back payment of UC and a DHP of £143 to clear the rent arrears.

## Social Fund/Crisis Payments

7. 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
  - 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).

2017-18 has seen a small increase in support applications claims meeting the eligibility criteria, with over £51,973 awarded to claimants, mostly in relation to settlement support. Crisis support awards tend to be for smaller amounts, substantially to meet short term fuel needs.

The Back on Track Scheme will be reviewed in 2018-19 to ensure that it remains appropriate to the needs of residents following the roll-out of UC.

## Discretionary Housing Payments/Benefit Cap

8. 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. £358,545 has been awarded to support 499 customers with their housing costs, of which £72,918 has been paid to customers affected by the reduced Benefit Cap.

## Local Housing Allowance/Supported Housing

9. In an announcement on 25 October 2017, the prime minister told MPs in the Commons that the Government would no longer roll-out welfare changes that would have resulted in people living in sheltered accommodation having their housing benefit capped in line with private sector rents. The local housing allowance (LHA) will not be applied to supported housing or the wider social rented sector.

At the end of October 2017, the government published two consultation papers, one on housing costs for sheltered and extra care accommodation and one for short-term supported accommodation. The new arrangements are scheduled to come into effect from April 2020. The consultation period closes on 23 January 2018 and the proposals are being studied to consider the implications for Stockton.

The key proposals are that:

- **Sheltered housing and extra care** will continue to be funded in the welfare system, through the introduction of a 'Sheltered Rent', to support older and vulnerable people, recognising the higher costs of these types of housing compared to general needs housing. Rent levels will be regulated by the social housing regulator.
- **Short-term supported housing** will be funded through a new ring-fenced grant set on the basis of current projections of future need (as informed by discussions with local authorities) and will continue to take account of the costs of provision in this part of the sector.
- **Long-term supported housing** will continue to be funded by the welfare system and proposals are to work with the sector to manage costs and ensure the best outcomes for tenants, whilst providing the sector with the certainty of future funding that it needs.

- The government has also set out proposals for a **National Statement of Expectation** and local level strategic planning to underpin the new funding regime, to support joined-up working across local areas and to plan for new supply to meet future demands.

### **Local Council Tax Support Scheme**

10. 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.

Cabinet are asked to recommend to Council that the existing LCTSS is retained for the financial year 2018-19. LCTSS 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.

### **Care leavers**

11. In July 2017 Cabinet approved the creation of a new class of discretionary council tax discount to reduce the amount of Council Tax payable for care leavers, 25 and under, living within the borough. This support has now been applied retrospectively from 1 April 2017, helping 33 young people in our borough to date.

Stockton BC is one of only three local authorities in the North East to have introduced this discretionary discount, and one of less than fifty in the country as a whole.

### **Tees Credit Union**

12. Adult membership of the credit union has grown to nearly 3,000 people with junior membership also growing to over 500 members. Tees Credit Union has benefitted from a prominent town centre presence at 111 High Street, Stockton for the past year. However the building is too large for the current needs of the business, so more suitable and affordable accommodation has been sourced within the town centre, with a shop on the corner of Dovecot Street and Prince Regent Street (next door to "Cash Converters") likely to house the service from the New Year.

Earlier this year Tees Credit Union negotiated with Moneywise Credit Union (Newcastle) about a possible amalgamation to create a stronger and more financially robust credit union that could offer better products and services to local people. In July 2017, the membership of Tees Credit Union voted to approve a proposal to transfer Tees to Moneywise. Subsequently permission was granted by the regulatory bodies, the Financial Conduct Authority and the Prudential Regulation Authority for the transfer.

This transfer makes the credit union the largest in the North East, with a staff team of 15, including a new CEO and with a forward-thinking board of directors. Three of the existing Tees Credit Union directors have a place on the Board of Moneywise. Currently staff from Tyneside and Teesside are working to offer a seamless service whilst the transfer continues, and amalgamation of systems and policies and procedures is undertaken.

From January 2018, Tees Credit Union will be rebranded as Moneywise, operating from Stockton Town Centre. This branch will have the same contact arrangements as Tees Credit Union but with longer opening hours, improved back office functions and improved customer service. Key local employees are retained to develop the organisational knowledge of the locality and of the customer base. There will also be a Business Development Manager whose role it will be to support local businesses by offering employee benefit schemes such as safe savings and affordable loans direct from payroll. A new product that will be rolled out

in the New Year is the “CU till payday” loan platform. This is a direct competitor to payday lenders supporting local people to access flexible short-term loans without the huge interest rates charged by the payday loan providers.

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

13. 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.

### **Housing**

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

### **Council Tax Collection**

15. The overall Council Tax collection rate for 2017-18 to date is 55.13%. Long term collection rates remain very high, with over 98.5% of the annual debit collected after three years.

Levels of recovery including the issue of summonses remain very much on par with volumes issued last year.

### **General/Cross Cutting**

16. 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.

### **RISK ASSESSMENT**

17. Risks in relation to welfare reform are currently assessed as “High”, with an impact and likelihood score both of 4 out of 5. The impending roll-out of Universal Credit is the main reason for this continued high level of risk.

### **FINANCIAL IMPLICATIONS**

18. Links to Local Council Tax Support Scheme and discounts.

### **POLICY PRINCIPLES**

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

19. 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

20. 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**

21. 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**

22. Through previous Members' seminars on welfare reform, regular reports to Cabinet and consideration of key issues by the People Select Committee. A further Members' seminar is planned for early in the New Year to provide an in-depth briefing on the implications of the roll-out of UC.

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