

## **AGENDA ITEM**

### **REPORT TO COUNCIL**

**20 JANUARY 2016**

### **REPORT OF THE CORPORATE MANAGEMENT TEAM**

## **WELFARE REFORM UPDATE Q2 2015-16**

### **SUMMARY**

To present an update on monitoring of the outcomes/impact of Welfare Reform and a summary of actions undertaken to mitigate against circumstances arising from the implementation of the Welfare Reform Act.

#### **CABINET RESOLVED:**

1. That the contents of the report are noted.
2. That Members note the performance monitoring outcomes and observations provided.

#### **RECOMMENDED to Council:**

3. That the current local Council Tax Support Scheme is retained for the financial year 2016/17.

### **INTRODUCTION**

1. Quarterly reports on Welfare Reform have been provided to Cabinet since 2013, providing information on a range of indicators which show how welfare reforms are impacting on residents and service provision across the borough. These reports have also included detail on any updates the Council has received with regard to the further roll-out of welfare reform and interventions the Council is making to manage its impact on our residents.
2. As part of the existing monitoring arrangements, new or unexpected trends have emerged such as activity around benefit sanctions, the use of local food banks and shifts in the rented housing sector from social to private landlords.
3. Following feedback received on previous quarterly reports, at Q4 2014/15 there was a review of the large range of information previously provided to ensure that it is 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 Association of North East Councils (ANEC) has commissioned the Institute of Local Governance (ILG) to undertake a piece of work monitoring the impact of welfare reform across the region. The outcomes from that research work will be useful in understanding the local impact of welfare reform and whether it differs from the impact sub-regionally and across the wider region. As part of that research work, a basket of monitoring indicators has been developed which will be collected from all participating local authorities.

5. To support the ILG research work, the basket of monitoring indicators that they have developed has been entirely included within the monitoring framework provided at **Appendix 1** (available on agenda at <http://ldsap03/aksstockton/users/public/admin/kab12.pl>), 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.

### **Advice and Information Services**

7. 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. The SDAIS has seen a clear settling down in overall and welfare reform specific numbers over the last year, whereas the Council's Welfare Rights Unit has increased its workload substantially.

### **Discretionary Housing Payments**

8. 100% of the DWP budget was spent in 2014-15, with 811 awards of Discretionary Housing Payment made. 60% of these awards were made because of the removal of spare room subsidy (Bedroom Tax), and 21% to mitigate the impact of Local Housing Allowance restrictions. 43 awards (5%) of DHP were in relation to the benefit cap.

£252,574 has been spent in 2015/16 to date, with 58% of payments relating to the removal of the spare room subsidy.

## Social Fund/Crisis Payments

### Back on Track Funding

9. 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 was 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 crisis and short term support be identified. In October 2014, Cabinet agreed to provide a more affordable, pared down scheme to be delivered in-house to produce efficiencies which would extend the scheme to at least March 2019. Members also agreed to change the maximum ceiling for awards from £1500 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 (such as for 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 (by providing furniture, carpets, white goods and assisting with removal costs).

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.

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.

Success is as much about ensuring customers in financial difficulty gain the right support to address often complex issues in a sustained way as well as the immediate crisis and settlement issues being addressed. There are a number of customers who contact the local authority who do not meet the qualifying conditions for assistance or do not take up the offer of assistance. However a key element of the in-house ‘Back on Track’ service is partnership working with both specialist providers and trusted partners. Customers with

longer term complex issues are referred to an array of services depending on their needs, many of which are part of the Stockton Welfare Advice Network (SWAN).

Customers can now receive a more joined up approach to longer term assistance through the close partnership working that exists between the Benefit Service and the Welfare Rights Team and SDAIS. In particular the links with the Department of Work and Pensions have enabled effective case discussions to take place to establish when customers next payments are due, speed up claims where necessary and refer customers to a range of DWP solutions such as Emergency Payment Funds, Hardship payments, Short term benefit advances. The Back on Track team are also working closely with the Tees Credit Union as for some customers a low interest loan is a viable solution avoiding the use of the more expensive alternatives available.

We are currently reviewing the entitlement conditions set out in the policy to ensure that customers who need help are not unnecessarily excluded and will make recommendations to Members where there are apparent gaps in the existing policy.

### **Your Community Bank (Tees Credit Union) – Simply Spend and Save Scheme**

10. The Simply Spend and Save loans scheme set up in partnership with Your Community Bank was introduced through a “soft launch” in April. The scheme provides an alternative to high cost lending for people needing household goods such as washing machines, fridges, carpets, etc.

The scheme had its official launch on 24 June and has helped over 32 households access loans for essential household items. New and re-conditioned goods are available, with the latter being via a local supplier who was originally supported to set up in business by the Tees Credit Union. The value of the loan take up has been less than anticipated at just under £10k. However the scheme has really only been operating for three months. Details of the marketing of the scheme are outlined below.

One aspect of the scheme that has proved particularly popular is the recycled goods. Your Community Bank have reported that, as the scheme has progressed, increasingly applicants are moving into accommodation with nothing of their own so the option to buy pre-loved goods, and make their money go further, has been welcomed.

Discussions with frontline representatives from Stockton District Advice and Guidance Services and Housing Benefits to “test” the eligibility, affordability and quality assurance sampling of decision making have been positive. Therefore no changes to these are proposed at this time.

As at the end of September 2015:

- 32 of the 39 applications received were approved.
- The average loan was for £303.
- The majority of loans have been to females, 9 loans were to lone parents, a total of 35 children have benefitted.
- Of the 5 clients that were referred through from Housing who were ineligible for a Back on Track grant: 3 were approved for a loan, one had no affordability and the other opted out.
- Majority of enquiries are direct rather than via agency/organisation referral.
- The majority of the clients have an income level of under £15,000. Clients were mainly from Stockton Town centre/Thornaby, other areas included Hardwick, Norton, Billingham, Oxbridge and Newtown.
- The majority of loans have been for cookers, fridges and washing machines.

- 32 new savings accounts have been opened with Your Community Bank (Simply Spend and Save loan repayments are rounded up and go into a savings account for the client). The savings total was £2,388.
- 19 applicants were signposted to other support which included debt advice, losing weight, mental health services, stopping smoking, warmer homes support.
- Further benefits to the client:
  - Opportunity to start to build or rebuild a credit history, which increases financial inclusion;
  - Helps to build financial resilience through setting up savings accounts for clients.
- A joint working arrangement has been established with Tristar to passport clients who are their tenants onto the Tristar funded Furniture Scheme, which has a preferential rate. This has resulted in an increase in the number of tenants benefiting from the Tristar scheme.
- The scheme has helped people in a variety of circumstances including a vulnerable client moving from supported living and a lady with three children fleeing domestic violence. Feedback from these clients has proved positive with the latter saying “The Simply Spend and Save scheme helped me out greatly. Your Community bank really helped me out and supported me in getting my loan and helping to get me back on track to starting my life over again. It’s a really good scheme and I pay back the loan in low, affordable weekly payments.”

Promotion of the scheme has included an official launch, a display and presence in the Rediscover Shop, press releases, articles in Stockton News and Keeping You in Touch and a suite of promotional material. Further promotion is planned with an article in the next Stockton News, meetings with registered social landlords to promote the scheme in new tenant packs, discussions with DWP, drop- ins at Billingham Job Centre and further events.

There is a recognition that the location of the Your Community Bank in Stratford House is not ideal and they are in discussions with another voluntary sector organisation looking to have a High Street presence, in a co-location arrangement. It is anticipated that this, along with next year’s planned ICT improvements to allow on-line loan applications, will increase the profile of the Simply Spend and Save Scheme.

## **Housing**

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

## **Local Council Tax Support Scheme (LCTSS)**

12. 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. The Welfare Reform and Work Bill is currently going through Parliament. The proposals will have an impact on LCTSS expenditure. The breadth of measures being brought in over several years makes realistic estimates complex with customers gaining and losing from different welfare measures dependent on their personal circumstances. Following a challenge from the House of Lords we are expecting new announcements with regard to the proposed changes to Working Tax Credits which we believe will be made in the Comprehensive Spending Review announcement on the 25 November 2015. There is too much uncertainty for us to make any assumption about the impact of all the proposed changes to the Council Tax Support scheme over the next financial year and on this basis we are asking Cabinet to recommend to Council we retain the existing scheme. It will be necessary for a full scheme review to take place in the financial year 2016/17 to reflect any incoming changes. Local Council Tax Support Schemes are not fully funded

so there may be some impact on the medium term financial plan which will need to be managed in year and reports on the impact of this will be provided as part of the financial report to Cabinet. Any scheme review will require full consultation with the public.

13. 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 2015/16. 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.
14. Overall Council Tax collection for 2014/15 at 96.4% was 0.5 % below target, and for those in receipt of Local Council Tax Support (LCTS) collection reduced to 79%. The method of calculating collection levels for those in receipt of LCTS changed from 2014/15 therefore it is difficult to make a direct comparison. However, the ongoing collection of 2013/14 arrears from some Council Tax payers that faced new or increased charges following the introduction of LCTS has meant that their 2014/15 charges remained unpaid whilst they paid off arrears. At the end of 2014/15 only 1.8% of the debit was outstanding from 2013/14.
15. Due to software changes, more accurate data on enforcement activity, including bailiff referrals will not be available until later in the new financial year. Levels of recovery and enforcement including the issue of summonses remain very much on par with volumes issued last year. The totals reported differ due to a change in method of calculating activity levels, therefore are not directly comparable.

### **General/Cross Cutting**

16. Overall crime figures have increased substantially over the past year, in Stockton and elsewhere in the country. At this stage it is felt that this is much more likely to be a function of different crime recording procedures being employed rather than a large increase in crime, but this is being closely monitored to see if a negative trend develops.

### **Tax Credits**

17. Members will be aware that Government intend to make some changes to tax credits whilst also making some changes to the national living wage. It is of note that the living wage will only apply to those who are over 25 so the implication was the tax credit cuts will hit the under 25's harder. The changes have now been subject to challenge in the House of Lords as it is not felt that the impact of these changes has been fully understood. At the time of writing, the Government is considering potential amendments to the proposals which we believe will be announced as part of the Comprehensive Spending Review on 25 November 2015. Once details of the new proposals are available, we will fully model the local impact and provide details to Cabinet in the next Welfare Reform Update Report.

### **Universal Credit**

18. As Members are aware Universal Credit is being introduced in our borough from 7 December 2015 and a number of meetings have taken place between SBC Staff, including Customer Services, and Job Centre Plus staff responsible for the roll out of Universal Credit. As roll out is restricted to new claims from single people the impact will be initially be small and this is borne-out by the pilot sites across the Country. On this basis and following discussions with DWP we will not be undertaking a publicity campaign although this will occur once full roll out is confirmed.

In introducing Universal Credit Stockton have taken a collaborative and forward looking approach actively seeking out the experience and support of colleagues in other local

authorities such as Hartlepool and Durham where roll-out has already started. DWP and the Local Authority have hosted two landlord forums one for private landlords and one for registered providers. Landlords biggest concerns were around the lack of direct contact that they will have at a local level with the DWP on tenant issues and Universal Credit claims. Currently they can contact us very easily. They were also concerned about the potential for tenants getting into rent arrears because of the fact that the new benefit will be paid monthly in arrears and generally to the tenants themselves. Payments can be made directly to landlords in certain circumstances but this will not be the norm.

We are currently in discussions with the DWP to draw up a partnership agreement to deliver budgeting support for those with an identified need and to help people to claim online. This will be up and running prior to implementation on 7 December 2015 and we will receive some payment for the work which we are currently scoping. Information as to how and where affected claimants can get support will be provided to members prior to implementation.

### **Benefit Cap**

19. Members will be aware that the benefit cap is to be reduced further after April 2016 to £20,000. There is quite a lot of uncertainty about the numbers that will be affected from the proposed changes in the benefit cap because we do not directly hold all the information we need to do the analysis. Based on the Government's projections we would expect to see an additional 200 customers affected, however our own estimates based on our actual caseload suggest this could be more in the region of 285 newly affected cases and this will include some families with three or more children. Additional information on the exact numbers affected will be provided to Cabinet in due course. Previously Members have made available from the welfare reform resource some funding to pay for an officer to work specifically with those families affected by the benefit cap. This work paid great dividends and was highlighted as good practice in a national CAB report. Our intention is to replicate this action and we are proposing to fund an officer for an initial period of twelve months at a cost of around £30,000, which will be funded from dedicated welfare reform resources.

### **Targeted Take Up Campaign**

20. Welfare Rights and Housing Benefits are co-ordinating a take-up campaign for residents aged over 85 not in receipt of Attendance Allowance. Other agencies involved are Age UK, DWP, SDAIS and Thirteen. Although specifically aimed at Attendance Allowance a full benefit check is offered and full support given to make claims including form filling. Initially 388 letters were sent out. To date, 145 residents have responded positively by requesting a call back. The return rate was expected to be around 22% (based on previous campaigns), but the current rate is considerably higher at 37%.

### **Sanctions**

21. The ILG have undertaken some regional analysis that shows the percentage of sanctions against the number of claimants in each Jobcentre Plus office across the region. For the period under review, the three offices in the Stockton area (Billingham, Stockton and Thornaby) were all below the regional average, with some JCP offices in the North East having twice and three times the local level of sanctions.
22. As an example, in September 2014, the staff from Billingham JCP office imposed 38 sanctions on claimants, which represented 5.59% of their average claimant count of 680 jobseekers in that month. For the same period, Thornaby JCP office was slightly lower at 5.53% and Stockton lower again at 4.72%. The imposing of sanctions in the region ranged from a low of 3.65% in Bishop Auckland to 15.13% in Seaham JCP offices, with the majority of JCP offices over 7%.

## **Food Banks**

23. Public Health have part-funded a one-year project to look in detail at food banks. Stockton Advice and Information Service (SDAIS) are running the project and are working closely with the Trussell Trust and the Salvation Army to gather data on who are attending food banks. Information is now being gathered on the profile of those attending to extract information such as triggers leading to attendance, repeat attendance, age, ethnic origin, employment status, ward they live in, health issues, etc. The information and learning gathered from this project will be presented to members later this year.
24. Cabinet considered this matter at its meeting held on 3 December 2015 and a copy of the relevant minute extract is attached at **Appendix B**.

## **FINANCIAL IMPLICATIONS**

25. As detailed within the report.

## **LEGAL IMPLICATIONS**

26. None.

## **RISK ASSESSMENT**

27. 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. There are unqualified risks around roll out of universal credit and impact on staffing.

## **SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS**

### Environment and Housing

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

### Adults Services

29. 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

30. Continuing support to residents via the provision of appropriate advice and information services will promote financial inclusion. The further development of anti-poverty measures will further strengthen this.



## **EQUALITIES IMPACT ASSESSMENT**

31. The introduction of any new interventions around welfare reform will be subject to an equalities impact assessment.

## **CONSULTATION INCLUDING WARD/COUNCILLORS**

32. Previous member seminars on welfare reform and ongoing Select Committee consideration of key issues.

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