

Review of Welfare Reform and Financial Inclusion

Housing and Community Safety Select Committee

Final Report

March 2014

DRAFT

Housing and Community Safety Select Committee
Stockton-on-Tees Borough Council
Municipal Buildings
Church Road
Stockton-on-Tees
TS18 1LD

Contents

	Page
Select Committee Membership and Acknowledgements	4
Foreword	5
Original Brief	6
1.0 Executive Summary	7
2.0 Introduction	11
3.0 Background	12
4.0 Evidence	14
5.0 Conclusion	40
Appendices	

Select Committee membership

Councillor Julie Cherrett (Chair)
Councillor Derrick Brown (Vice-Chair)

Councillor Clark
Councillor Cunningham
Councillor Dennis
Councillor Gibson
Councillor Javed
Councillor Miss Large
Councillor Wilburn

Acknowledgements

The Committee would like to thank:

Julie Nixon, Head of Housing, Stockton Council
Julie Higgins, Service Manager (Benefits), SBC
Caroline Wood, Housing Options Manager, SBC
Billy Park, Welfare Rights Manager, SBC
Mike Robinson, Stockton District Advice and Information Service
Kay Glew, Head of Housing, Tristar Homes
Sara Herrington, Endeavour Housing
Stewart Tagg, Fabrik Group
Liz Edwards, Community Hub Co-ordinator, A Way Out
Jessie Jacobs, Chief Executive, A Way Out
Chris Livingstone, Senior Operations and Partnerships Manager, Department for Work and Pensions
Janet Stubbs, Jobseeker Opportunity Manager, DWP
Marie Kerr, Stockton Welfare Advice Network (SWAN) Project Manager
Dave Kitching, Trading Standards and Licensing Manager, SBC
Roland Todd, Principal Project Officer (Employment), SBC
Dianne Patterson, Manager, Tees Credit Union
Greg Brown, Thrive
Nicola Hall, Director of Communication and Performance, Five Lamps
Kath Heathcote, Director of Financial Inclusion and Housing, Five Lamps

And the Registered Providers that responded to the Committee's survey: Tristar Homes, Erimus and Tees Valley Housing, Endeavour, Isos Housing, Home Group, and Coast and Country

Contact Officer

Peter Mennear, Scrutiny Officer
Tel: 01642 528957
E-mail: peter.mennear@stockton.gov.uk

Foreword

XXX

Councillor Julie Cherrett
Chair

Councillor Derrick Brown
Vice-Chair

DRAFT

Original Brief

What are the main issues and overall aim of this review?

Welfare reform is a key issue for the local community, Council and partner organisations. A number of key changes have taken place in April 2013 (including Council Tax Support, Housing Benefit, and Social Fund) and further changes are planned with the introduction of Universal Credit.

The review will consider the early impact of welfare reform on local agencies, whether any amendments to policy and operational services are required as a result, and what plans are in place to project the future impact on the Borough.

Further consideration will be given to the wider aspects of financial inclusion and tackling poverty. A range of factors are involved in this work including food poverty, including food banks, fuel poverty, illegal money lending, and provision of credit unions and advice services.

The review will consider the overall approach to improving financial inclusion in the Borough, whether a co-ordinated approach is in place, and whether SBC resources are effectively targeted to ensure the most benefit. This will include consideration of the performance of services provided or funded by both SBC and partners.

SBC has a Welfare Reform Board made up of key services and the review will both report its outcomes to the Board and be informed by its work.

Due to the nature of the review, the Committee may report to Cabinet on issues/policies that arise during the period of the review and that require a response, in addition to a final report.

The Committee will undertake the following key lines of enquiry:

What has been the impact of welfare reform to date following implementation of Housing Benefit and Council Tax changes, and changes to the Social Fund?

What is the overall projected impact of welfare on Stockton Borough? What work is ongoing to further model the projected local impact?

What examples are there of good practice by Registered Housing Providers in supporting tenants?

How are the preparations for Universal Credit progressing?

What is the local approach to improving financial inclusion and what support is available?

Is there scope for further joint working?

Is there early evidence of a wider impact of welfare reform for example on local business activity and community safety?

Executive Summary

- 1.1 The report presents Cabinet with the outcomes of the review of welfare reform and financial inclusion undertaken by the Committee during the municipal year 2013-14. A number of major welfare reforms came into operation from April 2013 onwards and the review has examined the preparation for the changes and the early impact where this was apparent.
- 1.2 A report for ANEC estimates that North East England would see a benefit loss of c. £940m in 2014-15 and this equates to c.£67m for Stockton Borough. The region is predicted to be the worst hit alongside North West England.
- 1.3 A welfare reform monitoring framework comprising a number of indicators has been developed to assist Stockton Council track the impact of welfare reform and inform policy making. It is too early to see the full effect of the welfare changes on a local level however it is clear that already residents and service providers are having to deal with the impact in various ways. A significant sum of money has been removed from the benefit payments to residents of the Borough. Some have been affected by changes that have been applied retrospectively and in a manner which they have relatively little control over, particularly the under-occupation charge for social housing.
- 1.4 The reforms can be seen to be having a major impact on the local housing market. The social housing stock does not provide enough smaller accommodation to provide alternative accommodation for those affected by the under-occupation charge, and resources provided to the Council in the form of Discretionary Housing Payments do not amount to enough money to support every person affected by under-occupation to remain in their current homes. Registered providers are facing increasing pressures in relation to void and rent performance, and this will impact on the maintenance of sustainable communities. This will need to be carefully monitored and it is therefore recommended that this forms part of a future phase of review work.
- 1.5 Universal Credit is a key element of the Government's reform agenda and aims to bring together the payment of a number of benefits. This will have a major impact on local residents, and the Council particularly the Housing Benefits Service.
- 1.6 Due to the delays in implementation of Universal Credit and the timescales of the current review, the Committee recommend that future work takes place on welfare reform including the preparations for Universal Credit. This will need to focus on the support arrangements for local residents and the organisational impact, together with other key emerging issues as outlined below. The Committee recommend that:
 1. **further scrutiny work should take place during 2014-15 to continue to review the impact of welfare reform. This phase of work should include particular reference to Universal Credit including fraud investigation, food poverty, advice and information, and the local housing market.**

- 2. the indicators used in the welfare monitoring framework are kept under review, and that consideration is given to including the workload of the animal welfare service as an additional measure, alongside the existing indicators including child protection activity.**
- 1.7 The Committee found that in addition to the support provided through established Council services, a range of actions have been taken specifically to address the welfare changes. This includes the allocation of funding and joint working.
- 1.8 Joint working between the Council, Registered Providers and voluntary providers including Stockton District Advice and Information Services appears to have had a beneficial effect in preparing the local population for the changes. Residents have been supported through comprehensive information campaigns, advice sessions, and home visits where appropriate. Further work is planned including the development of the Stockton Welfare Advice Network to co-ordinate local services. The Committee recommend that:
- 3. the joint working across Council and partner agencies (including third sector and Registered Providers) to mitigate the effects of welfare changes and support residents should be supported and continued in future phases of reform.**
- 1.9 Benefit sanctions have developed into a key issue during the period of the Committee's work. Since the tougher regime was introduced in October 2012 there has been a national increase in the rate of Job Seeker Allowance-related sanctions. To date there has been no systematic review of the new regime's outcomes, however local information was gathered from partners to inform the review and also the Council's response to the independent review of the operation of sanctions which was to examine how the policies were being applied.
- 1.10 Benefit sanctions have existed for some time and the national policy is to ensure that claimants stick to their commitments in finding work and in many cases their application may be appropriate. However there is some evidence that sanctions are not being applied in a consistent manner, many are being overturned on appeal, and Members are particularly concerned about the impact on vulnerable groups including people with mental health needs and learning disabilities. The Committee recommend that:
- 4. where appropriate, the Council and partners raise awareness of the advice available to residents who have had their benefits sanctioned, particularly in relation to vulnerable groups.**
- 1.11 Food poverty has emerged nationally as a major issue over the last few years and was increasingly in the news during the period of the Committee's work. There is no official definition but broadly speaking it refers to a situation which through a combination of rising food prices, stagnating income and benefit restrictions, means that people struggle to afford adequate levels of food (NPC).

- 1.12 Food banks and hot food drop-ins are one response to this issue, and they are run by a range of charities, voluntary groups and churches. Food banks are an emergency response and should not encourage dependency in themselves as food parcels only supply between 3-4 days of food, with most providers seeking to resolve underlying problems.
- 1.13 There are now a number of food banks operating in the Borough via a range of different organisations. As of October 2013, within the Borough at least six food banks/hot meal drop-ins were open for a period of time on each day of the week.
- 1.14 Food poverty appears to be an increasingly pressing issue across the country and it is recommended that this forms part of the future review work on welfare reform. This should include the operation of food banks which in the current climate may be seen as a 'necessary evil' but also the development of sustainable solutions to the supply and preparation of food.
- 1.15 Welfare changes are accentuating the pressure on many households which are for a number of reasons financially excluded. This is being demonstrated in various ways including food poverty and levels of debt.
- 1.16 The Committee was impressed by the work of Thrive and Durham University's work on its 'Debt on Teesside' research project. This project undertook in-depth work with 24 low income households in Stockton and Middlesbrough to understand the issues and encourage positive action. The report outlines the range of financial options available to low income households/those in debt, and the factors influencing their choices. These include: the need for credit due to having no savings, the availability and normalisation of high cost credit, a short term approach to money management, and the influence of consumer society.
- 1.17 Substantial work is already taking place on the financial inclusion agenda, including the work of Community Development Finance at Five Lamps, Tees Credit Union and the Locality Forums. But it is still the case that many people are finding few alternatives to high cost credit, and the Committee strongly believes that the development of more sustainable finance options is a key issue facing local communities. A first step is ensuring that as many people as possible are aware of the alternatives that already exist and may be suitable for them.
- 1.18 One source of money that residents may feel they have no option but to turn to is illegal money lending, and the Committee considered powerful evidence in relation to the impact of loan sharks on local communities. It was estimated that 310,000 households in the UK were using illegal money lenders, and 131,000% was the highest known interest rate charged by an illegal money lender.
- 1.19 Trading Standards and the national Illegal Money Lending Team (IMLT) seek to tackle this issue. Local authorities are encouraged to sign up to a charter to 'Stop Loan Sharks Charter'. A draft local charter has been drawn up and support is offered from the IMLT in order to take this work forward.
- 1.20 A major part of this agenda is to raise awareness that loan sharks are not operating within a legal framework and that associated debts are unenforceable,

that it is the loan sharks that are operating illegally not those who use them, and that help is available. To make further progress on the financial inclusion agenda the Committee recommend that:

5. **the Council should raise awareness of sustainable financial solutions for local residents, including advice, alternatives to high cost credit, and information on enforcement agencies including the Illegal Money Lending Team.**
6. **all Members should be provided with an information pack outlining the range of services available to residents that support the financial inclusion agenda.**
7. **Stockton Council and partners sign up to the Stockton Stop Loan Sharks charter and when implementing the Charter, particular emphasis should be given to raising awareness of the Illegal Money Lending Team, within targeted communities where appropriate.**

1.21 For many reasons local residents may find themselves in a crisis situation. The Committee reviewed the operation of the pilot Back on Track scheme that is operated by Five Lamps on behalf of the Council and provides crisis and settlement support.

1.22 The Committee is aware that this funding ends after 2014-15, and work is ongoing to determine a sustainable way forward for the using the remaining Back on Track money.

1.23 This represents an opportunity to invest in innovative approaches to tackling crisis and/or prevention, and potentially to address some of the financial inclusion issues outlined above. Consideration was also given to the range of other crisis and short term support schemes available in the Borough (including DHPs, hardship schemes, s.17 children's support).

1.24 Work is ongoing to determine the priorities for the use of the available funding, and ensure best use of the other short term support schemes. This will also seek to understand the various access routes used by people who use these forms of support. This should be reported back to the Select Committee as part of its future work on welfare reform.

The Committee recommend that:

8. **a sustainable future for the 'Back on Track' funding and alternative methods of delivering 'crisis/short term' support is identified, and this be considered as part of the future scrutiny work on welfare reform.**

Introduction

- 2.1 The report presents Cabinet with the outcomes of the review of welfare reform and financial inclusion undertaken by the Committee during the municipal year 2013-14.
- 2.2 A number of major welfare reforms came into operation in April 2013 and subsequent months and the review has examined the preparation for the changes and the early impact where this has been apparent.
- 2.3 Welfare Reform is a priority for the Council and a Welfare Reform Board has been established to monitor the impact and inform local policy making. This is chaired by the Corporate Director for Resources and includes representation from key Council services and key partners including Registered Providers, Department of Work and Pensions, and third sector representatives.
- 2.4 As part of this work, the Welfare Reform Monitoring Framework has been established to track the local impact of the changes using a range of direct and proxy measures. A number of these indicators are also collected at North East regional level to inform policy across the whole area. Cabinet receives quarterly updates on this framework and it was used to inform the Committee's work.
- 2.5 Universal Credit is a key element of the Government's reform agenda and aims to bring together a number of benefits. This will have a major impact on local residents, and the Council particularly the Housing Benefits Service. The timetable initially indicated that Universal Credit would be rolled out in the Borough from October 2013, however this has been delayed and it is recommended that further work on preparations for the local roll out of the scheme takes place once the timescales have been outlined.
- 2.6 Welfare Reform has added an extra dimension to the money problems many local people were already dealing with, and the review has investigated the wider financial inclusion agenda.
- 2.7 The review has been undertaken at the same time as the Arts, Leisure and Culture Select Committee Review of Child Poverty. Due to the nature of the reviews, close links were maintained between the Committees. All Members of the Arts and Leisure Committee were invited to the Housing Committee on 23 January in order to explore issues relating to Financial Inclusion. It is also the intention that both reviews will report to Cabinet at the same time.
- 2.8 A range of partner organisations contributed to the review and local Registered Providers were surveyed to inform the Committee's work.

Background

- 3.1 A range of reforms to the welfare system have been brought forward in recent years, with a number being introduced simultaneously in April 2013.
- 3.2 The main changes were as follows:
- a. Disability Living Allowance (DLA) to Personal Independence Payments (PIP) – all people currently using DLA and new claimants will be assessed for eligibility for PIP which is based on individual's ability to carry out key activities necessary for everyday life. For new claimants this commenced locally April 2013 and existing claimants will be assessed between October 2015-2017.
 - b. Social Housing Under Occupancy rules for working age tenants – the amount of Housing Benefit paid out is now determined by the size of the household rather than the property, based on the number of bedrooms deemed necessary. Tenants with one additional ('spare') bedroom see a reduction in benefit of 14%, and for those with two or more additional rooms it is a reduction of 25% (commenced April 2013).
 - c. The localisation of the Social Fund by transfer of responsibility from DWP to LAs – support for crisis and settlement support has been localised and contracted to Five Lamps locally in a pilot scheme. This commenced April 2013.
 - d. Local Council Tax Support Scheme – localisation of Council Tax support and reduction in Government grant meaning that everyone of working age is now paying at least some council tax (or paying more than previously). This commenced April 2013.
 - e. Benefit Cap – there is a cap on benefits of £500 per week for working age couple/lone parents and £350 per week for single claimants. The cap includes combined income from the main out-of-work benefits (Job Seekers' Allowance, Income Support, ESA) and other benefits such as Housing Benefit, Child Benefit and Child Tax Credit and Carer's Allowance. Those in receipt of DLA/PIP are exempt and it commenced 15th July 2013.
 - f. Introduction of Employment and Support Allowance (ESA) as replacement for Incapacity Benefit - the introduction of the more stringent 'work capability assessment' administered by ATOS commenced 2008 and contributory ESA time-limited to 52 weeks for those in Work Related Activity Group commenced April 2012.
 - g. Universal Credit – this is intended to simplify a number of benefits by combining them into one payment. The intention is to both simplify the system and make work pay. The national roll out has been delayed although a number of pilot schemes are in place.

- 3.3 These are the main changes that have been considered as part of the review. Other changes include the restriction of child benefit for higher earners, restrictions to Local Housing Allowance, and limiting the uprating of certain benefits to 1% per year rather than the Consumer Price Index.
- 3.4 The majority of the changes are focussed on working age people (16-64) and there is significant protection for older people.

DRAFT

Findings and Recommendations

Universal Credit

- 4.1 Universal Credit (UC) will combine the following benefits into a single payment: income-based jobseeker's allowance, income-related employment support allowance, incapacity benefit, working tax credit, child tax credit and housing benefit. UC will therefore be paid to both people not in work and those in low paid employment. The payment would be made monthly (a change from current weekly arrangements) and the majority of clients would need to access the service online.
- 4.2 The Government's stated aim was for the UC project to be rolled out nationally from October 2013 however this has been delayed. The latest announcement from Department of Work and Pensions (DWP) in December included the following:
 - The UC service will be fully available in each part of Great Britain during 2016;
 - The majority of the remaining legacy caseload will be moving to UC during 2016 and 2017;
 - The DWP will maintain the level of funding required to manage the full administration of housing benefit in 2014 to 2015.
- 4.3 Plans to include housing costs in Pension Credit are paused until single tier pensions are introduced. Local authorities will therefore need to continue to run Housing Benefit services for pension age customers beyond the current planning assumptions for the introduction of UC for working age claimants.
- 4.4 There is a clear commitment from DWP to having a long term relationship with local government in order to provide support for local people. However there is still no detail on funding available or timescales for local roll out of local support services to help people claim, and maintain claims etc.
- 4.5 The government will implement a Single Fraud Investigation Service (SFIS) to investigate fraud across the whole of the welfare system. The announcement confirms that SFIS will be launched within DWP as a single organisation and implementation will commence in 2014. Implementation plans, including the roll-out schedule, are being developed and current plans are that SFIS will be implemented on a phased basis between October 2014 and March 2016. There is no indication as to when the roll out will commence in Stockton. The new SFIS will impact upon the fraud team within Housing Benefit Services but the details are still uncertain.
- 4.6 The Citizens Advice Bureau has undertaken a national study on the issues to consider when migrating to Universal Credit, including the additional support that some clients may need. It found that nine out of ten clients would need support to manage the transition, due to capability gaps in one or more of the following areas: monthly payments, budgeting, banking, staying informed and getting

online, and that this support would be needed across all client groups not just the most vulnerable.

- 4.7 In financial terms at an individual level, Universal Credit is expected to benefit some and cause a loss to others.
- 4.8 Due to the delays in implementation and the timescales of the current review, the Committee therefore recommend that future work takes place on welfare reform including the preparations for Universal Credit. This will need to focus on the support arrangements for local residents and the organisational impact, together with other key emerging issues as outlined below. The Committee recommend that:
 1. **further scrutiny work should take place during 2014-15 to continue to review the impact of welfare reform. This phase of work should include particular reference to Universal Credit including fraud investigation, food poverty, advice and information, and the local housing market.**

The Work Programme

- 4.9 The Work Programme is the Government's main welfare-to-work scheme. Unemployed people are referred to the programme by Job Centre Plus (JCP) after they have received JSA or ESA for a certain period of time dependent on their circumstances.
- 4.10 The scheme is delivered through external providers with a number of 'prime' contractors appointed in each region and these have flexibility to design how their scheme operates. Avanta and Ingeus are the prime contract holders for North East England.
- 4.11 Providers are paid by results. Following a referral to the Programme, an initial 'attachment fee' is paid. For JSA claimants aged age 18-24 and JSA aged 25+ customer groups, if a job is secured, the provider will receive a Job Outcome Payment if the client completes 26 weeks at work followed by further 'Sustainment' payments. For other client groups, job outcome payments are made after 13 weeks. If a client has not secured a job after a two year period, they will return to the support of the Job Centre.
- 4.12 Prime providers may sub-contract with additional deliverers including those providing more specialist support and this includes the voluntary sector. A House of Commons Library briefing on the Programme (September 2013) outlined that there had been some concerns that sub-contractors had not received the level of referrals expected and in May 2013 the Work and Pensions Select Committee found that smaller providers were being asked to carry substantial financial risks.

- 4.13 Nationally, the Programme began in June 2011 and by June 2013 1.31million people had been referred and the total numbers of job outcomes was 168,000. For Stockton Borough, the figures up to end of September 2013 were:

Payment Group	Attachments	Job Outcomes
JSA 18-24	1.33	0.22
JSA 25+	2.3	0.29
JSA early entrants	1.54	0.30
JSA Ex-incapacity benefit	0.08	-
ESA volunteers	0.10	-
New ESA claimants	0.32	0.02
ESA ex-incapacity benefit	0.10	-
Incapacity benefit and Income Support volunteers	-	-
JSA prison leavers	0.10	-
Total	5.87	0.85

The figures shown are in thousands and rounded to the nearest 10. Totals may not sum due to rounding.

- 4.14 This particular issue has not been considered in depth during the period of the current review, however the Committee wish to examine the local effectiveness and delivery of the Work Programme as part of the next phase of work on welfare reform.

The impact of the changes – projected and actual

- 4.15 The impact of welfare reform can be measured in a number of ways including financial loss to individuals and communities as a direct result of their benefits changing, changes to accommodation arrangements, potential behavioural changes at an individual level, and changes that organisations including housing providers may make to ensure their services remain sustainable and relevant to the customer.
- 4.16 In advance of the introduction of the major changes, work was undertaken to understand the project impact on Stockton Borough and then at a North East regional level. The Institute of Local Governance reported on the local projections on behalf of the Council.
- 4.17 By early 2013, the estimated impact within the Borough was outlined as follows:
- Greatest impact on families with children & sections of the disabled community, with the potential for significant reductions in weekly funding for some residents;
 - Up to 2,700 households initially faced a reduction in benefit due to new rules on under occupation (nb. this had reduced to 2148 by end of Q2);
 - 6600 residents to pay some Council Tax for first time and a further 6100 were due to pay an increased amount;

- Most affected wards were those that had already felt the impact of the recession;
 - Lack of housing stock to meet emerging needs with many 1 bed properties demolished in recent years;
 - No clear understanding amongst affected tenants of the scale and impact that the welfare reforms would have on individual's lives;
 - Expectations of rising demand for services amongst housing and advice professionals, with administrative challenges expected for a range of organisations.
- 4.18 Disabled people are twice as likely to live in poverty than non-disabled people. Absence from paid work in many cases mean they are particularly vulnerable to changes in benefit rates. In Stockton, 2100 claimants will be affected by the switch from DLA to PIP, and 3530 will be affected by the change to ESA according to analysis by the Association for North East Councils (ANEC).
- 4.19 Sheffield Hallam University's study 'Hitting The Poorest Places Hardest: The local and regional impact of welfare reform' investigated the impact across the country as a whole. The report demonstrates the impact per region as follows:

Region	Estimated loss £m p.a.	Loss per working age adult £ p.a
North West	2,560	560
North East	940	560
Wales	1,070	550
London	2,910	520
Yorkshire and the Humber	1,690	500
West Midlands	1,740	490
Scotland	1,660	480
East Midlands	1,310	450
South West	1,440	430
East	1,490	400
South East	2,060	370
Great Britain	18,870	470
Except DLA by 2017-18, incapacity benefits and 1% up-rating by 2015-16 Source: Sheffield Hallam University		

- 4.20 This work was also used by ANEC to bring together a more detailed picture for the North East. The following table shows the cumulative impact of changes in 2014-15 in terms of financial loss to the area and region (nb. this includes the Child Benefit changes and Local Housing Allowance) :

Estimated impact of welfare reform by Local Authority in 2014-15		
Local Authority	Estimated loss £m per year	Loss per working age adult £ per year
County Durham	188	565
Darlington	37	546
Hartlepool	42	712
Middlesbrough	64	717
Northumberland	90	454
Redcar and Cleveland	52	618
Stockton-on-Tees	67	538
Gateshead	70	543
Newcastle upon Tyne	95	490
North Tyneside	66	508
South Tyneside	59	621
Sunderland	112	618
Total for region	£942m pa	-
Encompasses: HB changes to LHA; HB changes re under-occupation; HB changes re non-dependent deductions; introduction of Household Benefit Cap; budget reduction for Council Tax Benefit; changes to IB/ESA; move from DLA to PIP; Child Benefit changes; Tax Credit Changes; restricting benefits to 1% increase. Source: Beatty and Fothergill 2013		

4.21 The following table from ANEC includes a smaller range of benefit changes than above but breaks it down into financial loss by type of reform:

Estimated losses by Welfare Reform Measure and Local Authority (£m pa)													
Reform	Durham	Darlington	Gateshead	Hartlepool	Middlesbrough	Newcastle-upon-Tyne	North Tyneside	Northumberland and	Redcar and Cleveland	South Tyneside	Stockton-on-Tees	Sunderland	NE Total
Localisation of Council Tax Benefit	5.4	0.9	2.3	1.3	1.8	2.8	1.8	2.4	1.5	1.7	1.7	2.7	26.3
Benefits cap	3.0	0.7	0.9	1.3	1.8	2.0	0.9	1.3	1.0	0.7	1.5	2.2	17.2*
IB to ESA	38.0	6.8	13.0	9.3	11.8	17.0	10.0	15.0	11.2	10.0	12.1	21.0	175.2
DLA to PIP	18.6	4.0	12.3	5.0	7.6	15.1	10.9	9.6	7.3	10.1	8.4	19.7	128.6
HB size criteria	6.0	1.4	2.4	2.4	2.2	5.1	2.4	2.5	1.8	2.4	1.9	3.4	33.9
Total	71.0	13.8	30.9	19.3	25.2	42.0	26.0	30.8	22.8	24.9	25.6	49.0	381.22
Source: DWP Impact Assessments and local authority assumptions.													
*Where available, local authorities' own assessments are considerably lower than this figure													

4.22 As can be seen the projected financial impact to the Borough is identified as significant and will also translate to less spending power in the local economy.

4.23 The Council's Welfare Monitoring Framework has been used to assess the impact to date and includes a broader range of factors than money alone. It is

- important to note that although some of the indicators are directly linked to individual welfare changes (eg. the number of people classed as 'under-occupying' social housing), others (such as crime and employment levels) are to give further context and are subject to a range of variables.
- 4.24 Taking this into account and recognising that it is still early in the monitoring process (some indicators are reported on an annual basis), some trends have been noticed by the end of Quarter 3 (Q3).
 - 4.25 69.6% of client issues addressed by Welfare Rights by end of Q3 were associated with welfare reform, and trends indicate that the amount of total outstanding debt for clients of Stockton District Advice and Information Service (SDAIS) will have increased on the previous year, with increasing numbers of people seeking advice. Clients of SBC Housing Advice have increasingly approached the Team about affordability issues.
 - 4.26 The increase in council tax enforcement activity is in line with expectations. Acquisitive crime has increased with 4575 crimes reported by end of Q3 which is an increase of 6.1% on the previous year.
 - 4.27 The Job Seekers' Allowance claimant count for the Borough has shown a positive trend when comparing February 2014 to the same period in previous year (down by 18.4%). At the time of the report the JSA count in the Borough was 5916 (5.8% of working population in Stockton North and 3.7% in Stockton South).
 - 4.28 It is important to set the Framework in the context of other intelligence and the Committee heard from local advice and housing providers to understand the impact on their workload. Housing issues are discussed in more detail below.
 - 4.29 SDAIS reported that they were dealing with increasing numbers of Personal Independence Payments queries and they are reporting delays in the time taken to make decisions with some clients awaiting decisions on claims made in May 2013.
 - 4.30 The number of clients approaching advice services in relation to food banks rose from 19 in Q3 2012 to 173 in Q3 2013, as did financial capability enquiries from 6 to 112.
 - 4.31 The following shows a breakdown enquiries to Welfare Rights by resident's ward:

Enquiries to Welfare Rights dealt with between April 2013 and January 2014 (at least 30 mins spent on each one) by Ward	
Stockton Town Centre	82
Hardwick	67
Roseworth	61
Billingham East	61
Mandale	61
Newtown	59
Billingham Central	52
Norton North	51
Norton South	50
Parkfield	50
Village	44
Stainsby Hill	38
Billingham South	36
Billingham North	30
Eaglescliffe	28
Grangefield	24
Ingleby Barwick West	22
Billingham West	22
Ingleby Barwick East	20
Bishopsgarth	20
Hartburn	19
Fairfield	18
Norton West	16
Yarm	13
Western Parishes	9
Northern Parishes	9

4.32 Welfare reform may continue to impact upon the local community and services in various ways and it will be important to keep the monitoring arrangements under review. The workload of the Animal Welfare Team is another measure that may usefully added to the framework. The Committee recommend that:

2. **the indicators used in the welfare monitoring framework are kept under review, and that consideration is given to including the workload of the animal welfare service as an additional measure, alongside the existing indicators including child protection activity.**

Mitigating the impact of the reforms

4.33 The Committee found that in addition to the support provided through established Council services, a range of actions have been taken specifically to address the welfare changes.

4.34 SBC has provided £85k over two years to temporary staff in the Contact Centre, and to SDAIS to provide temporary additional staff to undertake targeted work on PIP, pension credits, and outreach work. As part of the budget setting for 2014-

15 onwards, Council allocated £500k for Welfare Support over a three year period and will respond to specific issues arising from welfare reform.

- 4.35 A number of funds/support schemes have been established or expanded in order to mitigate the impact of the reforms. This is discussed further below and these include Council Tax Hardship, Discretionary Housing Payments, and the Back on Track scheme Back on Track is the local Welfare Support scheme that has been developed following the transfer of elements of the Social Fund to the Council and is managed by Five Lamps on a pilot basis.
- 4.36 As an organisation, SDAIS are targeting resources on offsetting and minimising the effects of the reforms. Twenty Super Output Areas have been identified for work to increase benefit take up. The Welfare Rights Team undertakes outreach work in libraries.
- 4.37 Joint working between key partners including SBC (including Housing/Taxation/Welfare Rights), Registered Providers and SDAIS appears to have had a beneficial effect in preparing the local population for the changes. For example, targeted work was undertaken with residents likely to be affected by the benefit cap, and this enabled some to be exempt in advance (eg. through claiming DLA) and reduced the impact on others.
- 4.38 The Council and SDAIS have a continuing project to reduce the impact. Families are referred from Housing Benefit once the cap has been applied. The Project Officer meets with families affected to discuss how they can be assisted to deal with the impact of the capping. This leads to ongoing work with the families including benefit advice, financial capability and legal education as well as signposting to other organisations including employability and health support and assistance.
- 4.39 At the time of the Committee's report, there were sixty-four people still subject to the Benefit Cap and since the start of the cap the Council/SDAIS benefit cap project has assisted twenty-two people to have the cap removed due to the following reasons:

Employment (claiming Working Tax Credit)	13
Moved to cheaper property	1
Change of circumstances	4
Exemption through benefit claim (eg. PIP)	2
Benefit issues resolved	2

- 4.40 Nationally, by January 2014, 27,700 households were still subject to the cap. In addition, 11,950 households are no longer subject to the benefit cap and of these:
- 36% had seen someone move into work
 - 41% had actively reduced their benefit claim to below the level of the cap
 - 6% become exempt due to a disability or sickness benefit entitlement

- 2% had a change in recorded Local Authority
 - 1% had a change in original household structure
 - 14% became exempt for other reasons
- 4.41 Six Registered Providers responded to the Committee's survey and each outlined their input into the financial inclusion agenda, including the employment of dedicated financial inclusion/money advice officers in some cases. A wide range of work has been undertaken by Registered Providers to prepare and inform tenants of the reforms in advance, particularly in relation to the under-occupation charge. This included publicity campaigns to raise awareness of changes including home visits and telephone contacts, dedicated staff to assist customers to move homes, and amendments to arrears policies.
- 4.42 The Committee found that access to good advice and representation could have a significant effect on outcomes. For example, nationally 32% of ESA assessments have been overturned on appeal; where local cases have had the assistance of the Council's Welfare Rights section, 88% of these cases have been successful. The important point to note however is that access to this type of advice is not unlimited and best use must be made of what is available.
- 4.43 To assist with this agenda, SDAIS was successful in bidding for funding for the Stockton Welfare Advice Network (SWAN). This amounted to £196k for two years and is aimed at ensuring better co-ordination between local advice agencies. Eight other partners are involved in this project to date: SBC, Age UK, Thrive, Catalyst, Harbour, Mind, Tristar, and TadeaUK.
- 4.45 Participating organisations must provide some form of information or advice on social welfare issues. During consultation that took place to help set up the project, financial planning was seen as a problem in terms of residents not knowing where to look specifically. SWAN aims to develop a website by October 2014 that will be the hub for its activity and include a range of advice and self-help, together with an online referral system. SWAN aims to add value by triaging referrals for advice to relevant partners in the scheme; partners will then be required to contact the client if they are able to help them.
- 4.46 To build on the good work has taken place so far, the Committee recommend that:
3. **the joint working across Council and partner agencies (including third sector and Registered Providers) to mitigate the effects of welfare changes and support residents should be supported and continued in future phases of reform.**

The impact on the local social housing market

- 4.47 The reforms have directly impacted upon local social housing, primarily due to the changes linked to the under occupation charge and the ability of tenants to pay their rent.

4.48 Initially in April 2012 it was projected that c.2700 local people would be under-occupying. By the introduction of the charge, this had reduced to 2418 and by end of December 2013 this had reduced to 2129. This was as a result of work to enable tenants to secure alternative accommodation, and exemptions that have been introduced including regarding foster carers, supported accommodation, and some changes relating to disabled tenants and disabled children. A heat map showing the concentration of under-occupation in the Borough is attached at Appendix 1 and Stockton's social housing stock by property type is at Appendix 2.

4.49 The range of options by tenants faced with under-occupation can be summarised as follows:



4.50 Discretionary Housing Payments (DHPs) can be awarded to assist households with housing costs. Stockton's DHP funding was increased by DWP to £395k, however this does not cover the shortfall caused by the Under Occupation Charge (and DHPs have historically also been used to address other housing needs). SBC's DHP policy has been targeted at priority groups in order to ensure the scarce resource is targeted at those most in need (including cases that involve significantly adapted properties, short term cases, disabled people and vulnerable adults, and safeguarding children). Any payments made are time limited and there is no guarantee an award will be repeated in future years.

4.51 Up to the end of Q2, there had been lower than expected awards made from the DHP Fund. Targeted work has since been undertaken and increased demand to the DHP scheme has seen £330k spent out of £395k available as of 19 February 2014. The Housing Benefit team are confident that all spending will be incurred by the end of March 2014.

4.52 Vela introduced its own Discretionary Housing Payments scheme and a Hardship Fund to assist with moving costs. The Vela DHP scheme was reviewed after one year and will continue for 2014-15 before a further review. This scheme is particularly supporting customers in Prior and Melsonby Court, Walton and Campbell court and new customers in Clarences.

4.53 All Registered Providers reaffirmed that they would take steps to recover any rent due, but advice would be provided and assistance to move to more suitable property where applicable. Registered providers would ultimately be unable to support tenants that could not pay over the longer term. The Council would be obliged to assist those that were classed as unintentionally homeless.

4.54 A number of issues affecting the market have been identified:

- The housing stock has evolved to provide a range of attractive housing including 3+ bed properties, and there was a shortage of 1 bed properties compared to the number of people who were underoccupying. According to ANEC, social housing stock in the NE region is made up of over 75% family sized units. The number of 1-bed properties that become available in the region per year is around 6500, and there are 45,000 people on the waiting list for this type of property (accepting that not all would qualify/succeed). Of existing tenants affected by the charge and who need a 1 bed property, for modelling purposes it was assumed that around 25% would seek to move and this would mean approximately 6800 suitable properties would be needed.
- Mass re-designation of properties as having fewer bedrooms was not feasible and would be challenged by Government, and any such properties would necessarily attract a lower rental value from the Provider's point of view.
- At the end of Q3, the level of rent arrears as a percentage of rent due for Tristar was comparing negatively to the same period in 2012-13 (the snapshot figure of 5166 households in rent arrears was comparing favourably although this does represent 51% of homes).
- In September, Tristar reported that 63% of customers who were under occupying were in arrears.
- Void pressures were reported by all Registered Providers particularly in lower demand areas, and lower demand for properties such as 3 beds.
- Tristar undertook to improve bid numbers for some properties, and this included using show properties, incentives, and work to improve their condition, and this had seen an improvement between March and September 2013.
- Recognition that the social housing product was now experiencing increasing competition from the private rented sector. This is attractive both in terms of the greater availability of smaller housing, and the provision of furnishings and white goods, as these are increasingly difficult to afford for many tenants. Around a third of tenants leaving social housing are now entering the private rented sector.
- Loss of tenants, and rent / void pressures impacts on registered providers' business plans, as well as the maintenance of sustainable communities in well managed housing.

4.55 The Choice Based Lettings Policy continues to be reviewed to ensure it remains appropriate in light of welfare changes. The CBL scheme includes a range of providers including Tristar. The latest figures on bids per available property type are as follows:

2013/14

Dwelling Type	Q3			Culmulative		
	Total Adverts	Total Bids	Average Bids	Total Adverts	Total Bids	Average Bids
1 Bed Bungalow	34	503	14.79	107	1909	17.84
1 Bed Flat	149	1329	8.92	431	5053	11.72
1 Bed High rise flat	22	180	8.18	49	649	13.24
1 Bed House	5	54	10.80	16	295	18.44
1 Bed Sheltered flat	13	7	0.54	53	31	0.58
1 Bed Studio flat	3	34	11.33	13	197	15.15
1 Bed Supported flat	0	0	0.00	2	5	2.50
2 Bed Apartments	0	0	0.00	42	129	3.07
2 Bed Bungalow	13	184	14.15	52	909	17.48
2 Bed Flat	113	619	5.48	265	1866	7.04
2 Bed High rise flat	51	225	4.41	161	742	4.61
2 Bed House	140	1196	8.54	488	5582	11.44
2 Bed Maisonette	1	13	13.00	1	13	13.00
3 Bed Flat	1	11	11.00	8	63	7.88
3 Bed High rise flat	1	12	12.00	1	12	12.00
3 Bed House	248	1593	6.42	777	5201	6.69
3 Bed Maisonette	0	0	0.00	35	33	0.94
4 Bed House	10	52	5.20	118	487	4.13
5 Bed House	0	0	0.00	1	7	7.00
Studio Flat	2	27	13.50	4	67	16.75
Studio Studio flat	4	57	14.25	14	180	12.86

4.56 The following is a snapshot of waiting times by property type (as of end of Q3):

	1 Week	2 Weeks	3 Weeks	1-3 Months	3-6 Months	6-12 Months	12+ Months
All	21	0	22	223	315	532	877
1 Bed	9	0	10	128	153	322	511
2 Bed	4	0	9	46	99	122	202
3 Bed	7	0	2	34	44	48	104
4 Bed	1	0	1	12	12	21	30
5+ Bed	0	0	0	3	7	19	30

4.57 Customers of the Housing Options Service have invariably reached crisis point and are in fear of losing their home or may have lost their home. Historically the main causes for customers finding themselves in this situation were: parents / friends no longer willing / able to accommodate; non-violent relationship breakdown; and loss of privately rented property. The Committee found that consistently for the last 12 months the main cause is affordability and the ratio of affordability compared to other causes is steadily increasing.

4.58 The reforms can be seen to be having a major impact on the local housing market. This will need to be carefully monitored and it is therefore recommended that this forms part of the next phase of review work.

Benefit Sanctions

- 4.59 Benefit sanctions have been a key issue both in terms of their application and procedures, and the knock on effects include appearing to be one driver behind the demand for food bank and other crisis support (see below).
- 4.60 The national trend in sanctions continued to increase year on year from 2006 up until October 2012. At that point a tougher regime was introduced, and there was then a 10% rise up until June 2013. The Department for Work and Pensions (DWP) state that 36% of these was due to failure to actively seek work, 30% for failure to participate in employment programmes, and 20% for not having good reason to miss JCP appointments. However there was a reduction 'by almost half' in the most severe categories (eg. refusing employment) and DWP believes that this suggests the increased severity of sanctions for these infringements is having an effect. However there has been no systematic evaluation of the new regime to date.
- 4.61 JSA sanctions are tiered. For example, a low level infringement (eg. non-attendance at an adviser interview) would see an initial sanction at 4 weeks loss of benefit, and further low level failures within a 52 week rolling period would see a 13 week sanction. Higher level infringements (eg. 'failure to comply with the most important job seeking requirements') would receive a 13 week sanction, followed by 26 and 156 week sanctions for repeated failures in the same 52 week period (nb. multiple infringements within the two weekly signing period are not counted to avoid rapid escalation through the sanction levels.)
- 4.62 Sanctions may also apply to lower level infringements by ESA claimants in the Work Related Activity Group (WRAG) although these are far fewer in number.
- 4.63 Job Centre Plus (JCP) (part of DWP) has provided a range of information to the Committee. JCP state that claimants are informed of their responsibilities. As each claimant's responsibilities will vary, this will mean that there will be some variation between outcomes/decisions even if there are similar circumstances. There is no requirement to apply for a certain number of jobs as part of an individual's action plan and Claimant Commitment, but claimants must undertake specified activities and tasks (eg. training, job searching).
- 4.64 The possibility of a sanction may be raised either by JCP staff or the Work Programme providers. This would then be raised with the client. Decisions are made by the Labour Market Decision Maker team which is now based in Doncaster within either 24hrs or 14 days of a referral by local adviser, dependent on the case. DWP state that there are no quotas or targets in place, but the number of referrals made by Job Centres is monitored to allow comparisons.
- 4.65 Types of decisions are as follows:
- A 'non-adverse decision' is where a sanction or disallowance has not been imposed (the statistics includes appealed and reconsidered non-adverse decisions;

- An '**adverse decision**' indicates a sanction or disallowance has been made against the claimant. Includes appealed and reconsidered adverse decisions;
- Decisions are 'cancelled' when the claimant is no longer claiming JSA at the time of the appointment (ie. so stopped claiming before the appointment);
- Decisions are '**reserved**' when a sanction would be appropriate but cannot be imposed because the claimant does not have a current claim to JSA (eg. claimant stops claiming between the time of the referral / appointment, and the date of a decision).

4.66 Claimants may stop claiming JSA for variety of reasons including switching to ESA, taking employment, or they may decide to come out of the work programme themselves if they are on it, for example.

4.67 Between Oct-Jun in the Borough there were 2460 adverse decisions, and a further 340 'reserved'. The following table shows total north east and Tees Valley figures, by Job Centre, for 22 October 2012- 30 June 2013:

	Non-adverse decisions	Adverse Decisions	Reserved Decisions	Cancelled Decisions	Total Decisions
North East Total	67,620	96,800	11,750	54,840	231,020
Durham and Tees Valley Total	11,470	15,990	2,150	11,080	40,700
Billingham	340	630	80	300	1,360
Darlington	970	1,330	220	1,250	3,770
Eston	480	550	50	460	1,540
Guisborough	220	280	30	230	760
Hartlepool	1,030	1,550	210	1,070	3,860
Loftus	230	220	40	220	710
Middlesbrough	1,530	2,270	230	1,450	5,480
Middlesbrough East	390	550	50	290	1,260
Redcar	550	780	120	530	1,980
Stockton	1,070	1,360	180	1,260	3,860
Thornaby	350	470	80	450	1,360

- 4.68 The following table from DWP shows the rate of adverse decisions at local Job Centres (as a percentage of the number of claimants per relevant Job Centre) for the same period:

	2012		2013						average
	Nov	Dec	Jan	Feb	March	April	May	June	
Billingham	3	5	7	7	6	4	5	6	6
Stockton	3	4	3	2	2	3	5	7	4
Thornaby	5	5	6	3	2	5	5	5	5
Stockton Borough	3	4	5	3	3	4	5	6	4

Notes:

Data sourced from nomis

The totals are rounded and the average may not be precise as a consequence

Small numbers of changes can distort the rate and lead to large fluctuations; this is more prevalent in smaller Jobcentres

The national average is around 5%

The local rate of sanctions is therefore generally at the national average.

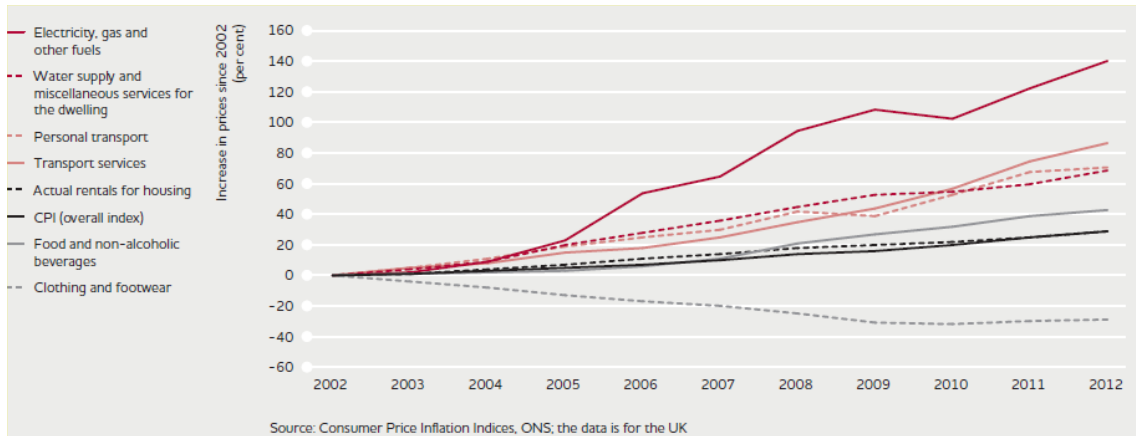
- 4.69 It was queried as to whether the monthly unemployment claimant count reflects the number of people who have been sanctioned when the count is taken. The unemployment claimant count does include all those who have been sanctioned provided that the claimant continues to maintain their claim ie. by continuing the signing on process. A person would not be included if they choose to stop contact with JCP and do not maintain their claim. As outlined above some people may leave JSA when they are potentially about to be sanctioned; this may be the reason or they may have found employment or it may be something completely different.
- 4.70 There is an appeals process; there is a deadline of 28 days for the claimant to appeal. The decision is then reviewed twice by the DWP (the original Decision Makers in Doncaster and then by a Disputes Resolution Team in Newcastle). Following this the claimant has a month to appeal to a First Tier Tribunal managed by the Courts and Tribunals Service if the claim was new, a revision, or a change in circumstances.
- 4.71 Access to Hardship Funds is available to some clients on request. Sanctioned claimants must be in receipt of income- based benefit to qualify. Vulnerable clients (eg. who are pregnant, have children or health condition) are eligible from day 1 of the sanction. Non-vulnerable clients are eligible from day 15 of the sanction. Payments are made dependent on when the application is made but clearly there will be a period of no income for non-vulnerable clients at least.
- 4.72 During the period of the review an Independent Review of the Operation of Benefit Sanctions was instituted, and all Members were consulted as part of the Council's response. The review is due to report from 26 March onwards.
- 4.73 The Council's response to the Review included evidence from SDAIS and Welfare Rights. This highlighted that some claimants did not understand the claimant commitment, decision making was not consistent and sometimes unreasonable, claimants were not always told that they have been sanctioned or

are aware of hardship payments until too late, and that clients with mental health needs appeared to be particularly vulnerable to sanctions. Sometimes decisions are taken by DWP without the full range of information only to be overturned on appeal.

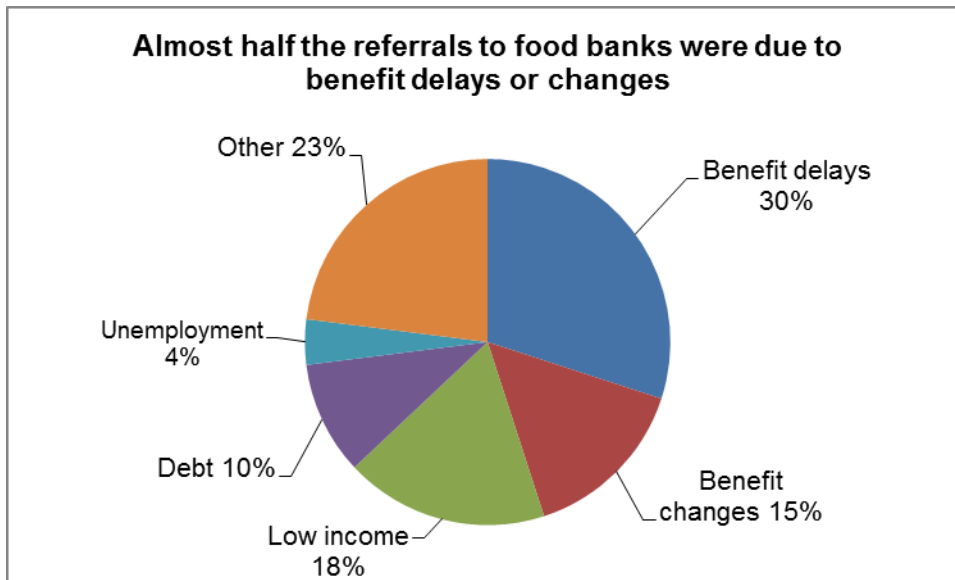
- 4.74 SDAIS recommended a number of measures including greater detail provided to claimants as to what is expected from them generally, in specific circumstances (eg appointment times), and when giving reasons for sanctions. Claimants should also be provided with better information on applying for hardship payments and the possible knock on effects such as ability to pay their rent/the need to contact Housing Benefit.
- 4.75 SDAIS provided an update on its work in February 2014. By the end of Q3 overall enquiries relating to sanctions had increased by 539% when compared to the same period in the previous year (the majority of these are in relation to JSA rather than ESA). 59% of sanctions queries came from Stockton Town Centre, Hardwick, Parkfield and Oxbridge, Newtown, and Norton South wards. Over a quarter of those raising issues with SDAIS had some form of health problem or disability including learning disabilities in some cases.
- 4.76 Benefit sanctions have existed for some time and the national policy is to ensure that claimants stick to their commitments in finding work and in many cases their application will be appropriate. However there is some evidence that sanctions are not being applied in a consistent manner, many are being overturned on appeal, and Members are particularly concerned about the impact on vulnerable groups. The Committee recommend that:
- 4. where appropriate, the Council and partners raise awareness of the advice available to residents who have had their benefits sanctioned, particularly in relation to vulnerable groups.**

Food poverty and food banks

- 4.77 Food poverty has emerged nationally as a major issue over the last few years and was increasingly in the news during the period of the Committee's work. There is no official definition but broadly speaking it refers to a situation which, through a combination of rising food prices, stagnating income and benefit restrictions, means that people struggle to afford adequate levels of food (New Philanthropy Capital - NPC). Food is one of the outgoings that may be cut back on when compared to rent and council tax, for example.
- 4.78 The following shows the prices rises in utilities, food and transport compared to the Consumer Price Index (Joseph Rowntree Foundation 2013):



- 4.79 According to the ONS, poorer households spend a greater proportion of their income on food than more wealthy households. In 2011, the lowest 10% of households spent 16% of their income on food, compared to 8% by the most wealthy 10%.
- 4.80 Oxfam (May 2013) estimates that over 500,000 people have received food aid ie. the use of food banks and receipt of food parcels. The Trussell Trust state that the number of people receiving at least 3 days emergency food had reached 346,992 in 2012-13, up from 128,697 in 2011-12.
- 4.81 The UN Special Rapporteur on food poverty has raised concerns about the impact on the health of people in developed countries who live in food poverty outlining that 'the impact on healthcare in the next 15-20 years will be gigantic'. In a letter to the BMJ in December 2013, representatives from the University of Liverpool stated that the number of malnutrition related admissions to hospital in England has doubled since 2008-09. The Institute for Fiscal Studies has reported a decrease in calories purchased and substitution with unhealthier foods, especially in families with young children.
- 4.82 Food banks are one response to this issue. They are run by a range of charities, voluntary groups and churches. The Trussell Trust is the best known major provider, and has over 380 food banks across the UK including one in Billingham.
- 4.83 Food bank users come from a variety of backgrounds but the common theme is that they are in some form of crisis. The Trussell Trust states that the reasons for referrals during 2012-13 were as follows:



- 4.84 Generally speaking, people may only receive food following a referral from an agency such as doctor, housing support, social workers, health visitors, and schools. This may be in the form of a voucher that entitles the person to a short term supply of food which is usually non-perishable.
- 4.85 Food banks are an emergency response and should not encourage dependency in themselves as food parcels only supply between 3-4 days of food. Trussell Trust and others signpost clients to other organisations in order to try and resolve underlying problems, and visits to food banks are limited within a certain period (eg. 3 per year).
- 4.86 In Morecambe and Liverpool, foodbanks have begun to distribute 'kettle boxes' made up of food that can be made up without the need for using a cooker, due to fuel poverty- induced demand.
- 4.87 Other responses include soup kitchen style approaches, which do not necessarily require a referral. There are several of these in the borough providing hot meals on a drop-in basis. Some are aimed at particular groups eg. men only.
- 4.88 The Committee found that locally, there are now a number of food banks operating through a range of different organisations. As of October 2013, within the Borough at least six food banks/hot meal drop-ins were open for a period of time on each day of the week. This includes the Trussell Trust in Billingham, a number of church based projects, and A Way Out. Endeavour Housing reported to the Committee that they were referring tenants to food banks on a daily basis.
- 4.89 A Way Out attended Committee and they provide food and support through 'Food plus' Community Hubs at five locations, in Central Stockton, Ragworth, Thornaby and Port Clarence. A Way Out provide food on a more flexible basis than others and can provide food parcels to clients once a week for a period of

up to six weeks. Support is provided in the form of advice and information on cooking and healthy lifestyles, and signposting to other bodies including Welfare Rights, SDAIS and Five Lamps as appropriate. A breakdown of demand on the project is as follows:

	May – end of June 2013	By end of Feb 2014
No. of households who have accessed Foodplus food parcels	109 households	629 households
No. of food parcels given out	319	3958
No. of households citing under occupation charge as main reason for needing food	25	66
No. of households citing new Council Tax payments as main reason for needing food	27	48
No. of households citing new sanctions/problems with JSA as main reason	23	104
No. of households citing issues with ESA appeals/failing medical as main reason	20	53

There were also a further 78 households where there were unspecified 'problems with benefits'.

- 4.90 As of February, approximately one third of the households who accessed the project had received further information, help or support and approximately one third had at least 1 child under 16, and a quarter had 2 or more children. Households with children may receive more than one parcel per referral dependent on need.
- 4.91 Demand rose steadily throughout the autumn and winter months, averaging at about 130-140 food parcels per week from Oct-Dec, and peaking during w/c 13 January when 154 food parcels were provided. This has since reduced to around 90 per week and at the time of the report A Way Out is providing c. 90 per week and expect demand to continue at this level. A Way Out feel that a harsher winter would have had a noticeable effect on demand.
- 4.92 The central Stockton Hub has been particularly busy and often ran out of food parcels during November – January. Work has taken place with referrers to reduce demand on this particular centre, including work to ensure only those in the greatest need are attending and access by Asylum Seekers has been reduced to very few.
- 4.93 In terms of supporting food banks, the NPC outline that support can be summarised as follows: donation of food (with good nutritional value), skills, time (including volunteers), and money (including for warehouse/storage) costs. Some business support is apparent including through FareShare which distributes surplus food to charities, focussing on fresh, and perishable food. There is some concern that an increased 'professionalism' of food bank operations may lead to the system becoming entrenched, however the Trussell Trust are forecasting that the need will remain in any case as tackling the underlying problems will take time.

- 4.94 It is clear that a number of the Borough's residents use the food bank/food kitchens for short term support and there is interaction via referrals with a number of the Council's services including housing and social care. There is no formal 'food bank policy' governing referrals and support to local foodbanks. A Way Out has received financial support from Public Health and other support from the Council includes access to employee donated food. A Way Out's Foodplus+ project is funded until end of June 2014 and further support is being sourced. Other short term support available to residents is discussed below.
- 4.95 A range of approaches are being taken across the country. A number of other North East Councils were surveyed as part of the review to understand their interaction with food banks. In Middlesbrough twenty-three agencies and Council departments refer into Trussell Trust foodbanks mainly via a standardised voucher system. Housing Benefits have established a text-based referral system with clients provided with a password on arrival. There is no formal policy but the partnership is seen as being mutually beneficial. Access to the food bank also makes up part of the package of support provided via Middlesbrough's local welfare support scheme (equivalent to Back on Track). Financial support has been provided to assist with the storage of food via 'Social Fund' money. Hartlepool's foodbank support is mainly provided by Trussell Trust and the Council refers people whilst also ensuring they are aware of schemes such as school uniform recycling.
- 4.96 One response to food poverty has been the pilot 'Community Shop' project in Goldthorpe, South Yorkshire. This is a 'community supermarket', only accessible if customers receive certain benefits, with discounted food, supplied by the food industry that would otherwise go to waste. This is the first such shop in the UK and builds on a similar model to supply to food industry workers, and there are more numerous examples on the continent. The key difference between this model and food banks is that it is membership based and customers must contribute something towards their food.
- 4.97 Community Shop has stated its intention to roll out their services to other parts of the country during 2014. The findings from this pilot have been requested and this may be a model to consider for Stockton Borough, whether provided via Community Shop or an alternative approach. Other approaches that could be taken specifically to address food and nutrition include food summits to discuss the issues with relevant partners, development of community growing schemes, and cooking classes.
- 4.98 Food poverty appears to be an increasingly pressing issue across the country and it is recommended that this forms part of the future review work on welfare reform. This should include the operation of food banks which in the current climate may be seen as a 'necessary evil' but also the development of sustainable solutions to the supply of food.

Debt, money advice, and alternatives to high cost credit

- 4.99 Welfare reform has added an extra dimension to the financial pressures that many local people have been dealing with, often leading to high levels of indebtedness.

4.100 Financial pressures have seen the indicators on median incomes, working-age adult without children poverty, and number of people in poverty in working families all decline (JRF) compared to both the 10 and 5 year comparisons to 2011-12. Employment indicators have in some respects improved however pressure on pay and household costs continues.

4.101 Nationally (setting aside mortgages) household debt has increased from an average of £5495 in 2001 to £6007 in 2012. An estimated 5.3m households would benefit from debt advice however 2.6m sought advice in 2011 (Money Advice Trust/Bank of England from CSJ Report 'Maxed Out' 2013). Low income households in particular are at risk of a spiral of debt, although not exclusively as many suffer can from a sudden change in circumstances. As indicated above, SDAIS are seeing an increasing number of people in relation to debt issues.

4.102 A UK wide study in 2012 (referenced by ANEC) examined financial resilience. This was defined having 'low levels of debt and high levels of savings, alongside the capability to sustain this position, the latter which may include skills as well as wider resources, such as support from family and ability to access credit', and the research concluded that UK households, especially those on low incomes, have very low financial resilience. For example:

- '10 m people in low-income households are in unsecured debt, and lower-income households have higher debt-to-income ratios than higher income households.
- In the decade leading up to the financial crisis, households in the lowest income group increased their spending by 43% on the basis of a 17% increase in income.
- Three quarters of those in the lowest income quintile have no cash savings.'

4.103 However the research does outline that many low budget households do become skilful at managing on low budgets. It categorised households as follows:

Characteristics of Household Savers	
Ad hoc budgeters	No saving - Reactive - Short-term horizons - Lack of engagement
Tacticians	- Use of benefit system for apportioning and rationing - Payment in cash to avoid bank chargers and for extra flexibility - Budgeting through cash to restrain spending - Deliberative testing of tolerance or providers for arrears - In month consumption – Smoothing - On-line oversight of budget
Planners	- Often monthly, but also fortnightly or weekly budgeting - financially engaged - Budget calendars - More considered use of credit - 'Jam jarring' - In-month and inter-month saving for anticipated expenses - Direct debits - Precautionary saving - Online
Source: Keohane and Shorthouse, Sinking or Swimming SMF 2012	

4.104 The aim should be to increase the number of people who are 'planners' in this respect, whilst recognising that no-one is immune from sudden changes in circumstance.

- 4.105 The Committee was impressed by the work of Thrive and Durham University's work on its 'Debt on Teesside' research project. This project undertook in-depth work with 24 low income households in Stockton and Middlesbrough to understand the issues and encourage positive action.
- 4.106 The report outlines the range of financial options available to low income households/those in debt, and the factors influencing their choices: the need for credit due to no savings, the availability and normalisation of high cost credit, a short term approach to money management, and the influence of consumer society. As also identified by the scrutiny review of Child Poverty, those with low or little income can be affected by what is known as the 'poverty premium'. This is the additional costs faced by those who cannot take advantage of special deals, direct debit discounts, and the cash purchase of large items. One example of the difference in costs faced by people who may only be able to pay weekly is as follows:



- 4.107 Limited access to mainstream credit (and/or knowledge of the alternatives) leads people to use increasingly expensive alternatives. High cost credit comes in various forms including pay day loans (eg. Wonga), rent to own stores, doorstep lenders, catalogues, and illegal money lending, and these were all used by people in the Thrive study to varying degrees. Across the UK, payday lenders, pawnbrokers and home-collected credit lent out £4.8bn in 2012 compared to £2.9bn in 2009 (OFT).
- 4.108 It was also notable that Thrive's work identified that many people within their study had relied on the previous Social Fund regime as a source of low cost finance (when awards were made in cash).
- 4.109 Thrive's findings include the need to ensure effective access to debt and money advice and support (sometimes specialist and time consuming), the development of community based support (in addition/as an alternative to 'traditional' telephone and office-based advice), and alternatives to high cost credit (both in terms of signposting to and supporting what already exists, and greater variety).

- 4.110 One of the benefit of Thrive's work was the mentoring scheme which led to a range of outcomes for some participants including improved sense of wellbeing, and financial capability. However some participants gained limited benefit, or did not successfully engage in the long term due to the effort and time commitment involved and the constant state of change in their personal situations.
- 4.111 This highlights the in-depth nature of this work which is necessarily limited by the resources available to undertake it. The development of community-led peer support may be one way of reducing the reliance on external support. Thrive has been successful with a bid to the SBC Investment Fund in order to undertake further volunteer based community outreach work, and further support and profile to this work would be beneficial, and there may be a case for further investment following review.
- 4.112 Action was also taken in partnership with local people that led to successful work by the Centre for Responsible Credit to persuade Rent to Own companies (eg. Bright House) to change their terms and conditions for some customer groups, and ongoing work to improve practices in the sector including data sharing.
- 4.113 Other action can be taken to restrict the activity of high cost credit operators and Stockton and other Councils no longer allow access to pay day loan companies via their public computer networks. However the Committee believe that ultimately, the solution is through the identification and promotion of sustainable alternatives to high-cost money.
- 4.114 Alternatives to high cost credit include cheaper personal loans and credit unions. Tees Credit Union offers savings, low cost loans, funeral planning, and prepaid cards to assist with budget management. Council employees have been encouraged to save at the credit union via payroll enrolment.
- 4.115 There are a number of collection points across the Borough based in community centres, schools and church bases. As well as saving facilities, the credit union is working with partners including Tristar and Five Lamps to offer loans to certain groups and offering alternative methods of sourcing furniture. A Change Team is in place to assist the Credit Union to be more sustainable and provide a greater range of services.
- 4.116 Community Development Finance Institutions (CDFIs) are social enterprises that enable communities including individuals to access affordable credit that would otherwise be unavailable.
- 4.117 According to the CDF Association, in 2012 CDFIs lent £11.4m to 28,992 people. This assisted 17,105 people to move away from using subprime lenders. The number of enquiries for CDFI personal loans more than doubled between 2011 and 2012. The average interest rate is 39% compared to 272% in the high cost lender sector.
- 4.118 Five Lamps from Thornaby are a substantial operator in this market and offer 42% of the UK CDFI lending by loan volume. This represents 15,000 loans to financially excluded households, with 1300 of these to residents of Stockton Borough.

- 4.119 Five Lamps offer loans (APR 49.9-89.9%) that were competitive compared to higher cost alternatives and were made in a responsible fashion, in addition to advice. The term of the loan is crucial in determining how much an individual will pay overall.
- 4.120 All the Registered Providers that responded to the Committee had some form of money advice and financial inclusion team to work with their tenants on improving their financial situation. Education is an important part of the mix and Five Lamps deliver MyBnk financial education courses in local schools.
- 4.121 Work is also underway on this agenda to map available services through the locality forums to support the Borough's strategic objective of securing a Brighter Borough for All under the Family Poverty Framework. Further co-ordination is provided through the Infinity Partnership promotes the financial inclusion agenda in the Borough and members include Tees Credit Union, Tristar, SBC, and Five Lamps.
- 4.122 Evidence from the Child Poverty Review also suggests that there is significant under-claiming of benefits and a more concerted effort on this may yield results. The Child Poverty review has made recommendations in this regard, and they will support the outcomes of this review.
- 4.123 Substantial work is taking place on the financial inclusion agenda and the Committee believe that this should be supported with a higher priority is given to ensuring as far as possible that local people are aware of the alternatives to high cost credit. Increased publicity for alternatives (including but not limited to the Credit Union) could include greater high street presence and publicity. The Committee recommend that:

5. the Council should raise awareness of sustainable financial solutions for local residents, including advice, alternatives to high cost credit, and information on enforcement agencies including the Illegal Money Lending Team.

6. all Members should be provided with an information pack outlining the range of services available to residents that support the financial inclusion agenda.

Illegal Money Lending

- 4.124 Members considered some powerful evidence in relation to the impact of illegal money lending and loan sharks on local communities. It was estimated that 310,000 households in the UK were using illegal money lenders, and 131,000% was the highest known interest rate charged by an illegal money lender. The range of methods and intimidation used was demonstrated to Committee, and loan sharks have in the past been apprehended within the Stockton area.

- 4.125 ANEC report that: 'One further development reported from a number of sources is the rise in the number of short term money lending businesses, with particular concern over illegal operations. This increase has been noted by most agencies and all are particularly concerned with how some of the illegal lenders operate. There is already close cooperation between the police and the authorities but one interviewee describing the difficulties when some of the victims are "absolutely petrified" of reporting activities to the police or local authority. Durham constabulary has also confirmed that there are links between some of the illegal operations and organised crime in the region.'
- 4.126 The majority of people were using illegal lenders for every day essential living expenses such as utility bills and food, following a change in their circumstances.
- 4.127 Trading Standards and the national Illegal Money Lending Team (IMLT) seek to tackle this. The IMLT has been operated by Birmingham City Council since 2011. 22,000 victims have been helped via the national Stop the Loan Shark project. Local authorities are encouraged to sign up to a charter to 'Stop Loan Sharks Charter'; a draft local charter has been drawn up and is attached at Appendix 3. Support is offered from the IMLT in order to take this work forward.
- 4.128 A major part of this agenda is to raise awareness that loan sharks are not operating within a legal framework and that associated debts are unenforceable, that it is the loan sharks that are operating illegally, not those who use them, and that help is available. The Committee recommend that

- 7. Stockton Council and partners sign up to the Stockton Stop Loan Sharks charter (see Appendix 3), and when implementing the Charter, particular emphasis should be given to raising awareness of the Illegal Money Lending Team, within targeted communities where appropriate.**

Crisis Support

- 4.129 There are a number of schemes available to local residents to provide crisis and other forms of short term support.
- 4.130 Five Lamps provide crisis support and settlement support on behalf of the Council in the pilot 'Back on Track' scheme, following the transfer of funds previously under the 'Social Fund' from the DWP. SBC was awarded £731k for this scheme.
- 4.131 Five Lamps also provide this service for two other NE local authorities, and all three schemes had seen a slower than expected demand, although locally there has been an increase since the criteria were amended in November. The criteria were amended to enable greater support to be given, including alignment to wage support for those coming off benefit into employment as this had been stopped by DWP.
- 4.132 By end of Q3, 930 awards had been made for crisis, and 453 for settlement support. This equates to a spend of £118k out of a total of £731k. However

Quarter 3 had seen a significant increase in spending and this reflects an increase in settlement support and potentially the amended criteria. The lower than expected overall spend may be due to more robust operation of the schemes than under DWP, or because cash is not provided unlike previously.

- 4.133 Five Lamps reported that common themes for crisis support included: lost /stolen money, poor budgeting, on-going debt and benefit issues such as sanctions. Settlement support was being accessed due to issues with private landlords, family breakdown, domestic violence, and release from prison/hospitals. SDAIS and Welfare Rights have been assessing the approved grants/loans and have found them to be appropriate. 40% of awards have been for food, 33% for gas/electric, with the remainder being household items/clothing/removal costs.
- 4.134 The Committee is aware that this funding ends after 14-15, and work is ongoing to determine a sustainable way forward for the using the remaining Back on Track Funding including the projected underspend for the current year.
- 4.135 This represents an opportunity to invest in innovative approaches to tackling crisis and/or prevention, and potentially to address some of the financial inclusion issues outlined above.
- 4.136 In addition, the range of other crisis and short term support schemes available in the Borough (including Back on Track, DHPs, hardship schemes, TERF, s.17 children's support) have been collated for the first time as part of this review in order to see whether there is any commonality and opportunity for joint approaches (see Appendix 4).
- 4.137 Work is ongoing to determine the priorities for the use of the available funding, ensuring consistency and best use of existing schemes. This will also seek to understand the various access routes used by people who use these forms of support. This should be reported back to the Select Committee as part of its future work on welfare reform.
- 4.138 The Committee recommend that:
- 8. a sustainable future for the 'Back on Track' funding and alternative methods of delivering 'crisis/short term' support is identified, and this be considered as part of the future scrutiny work on welfare reform.**

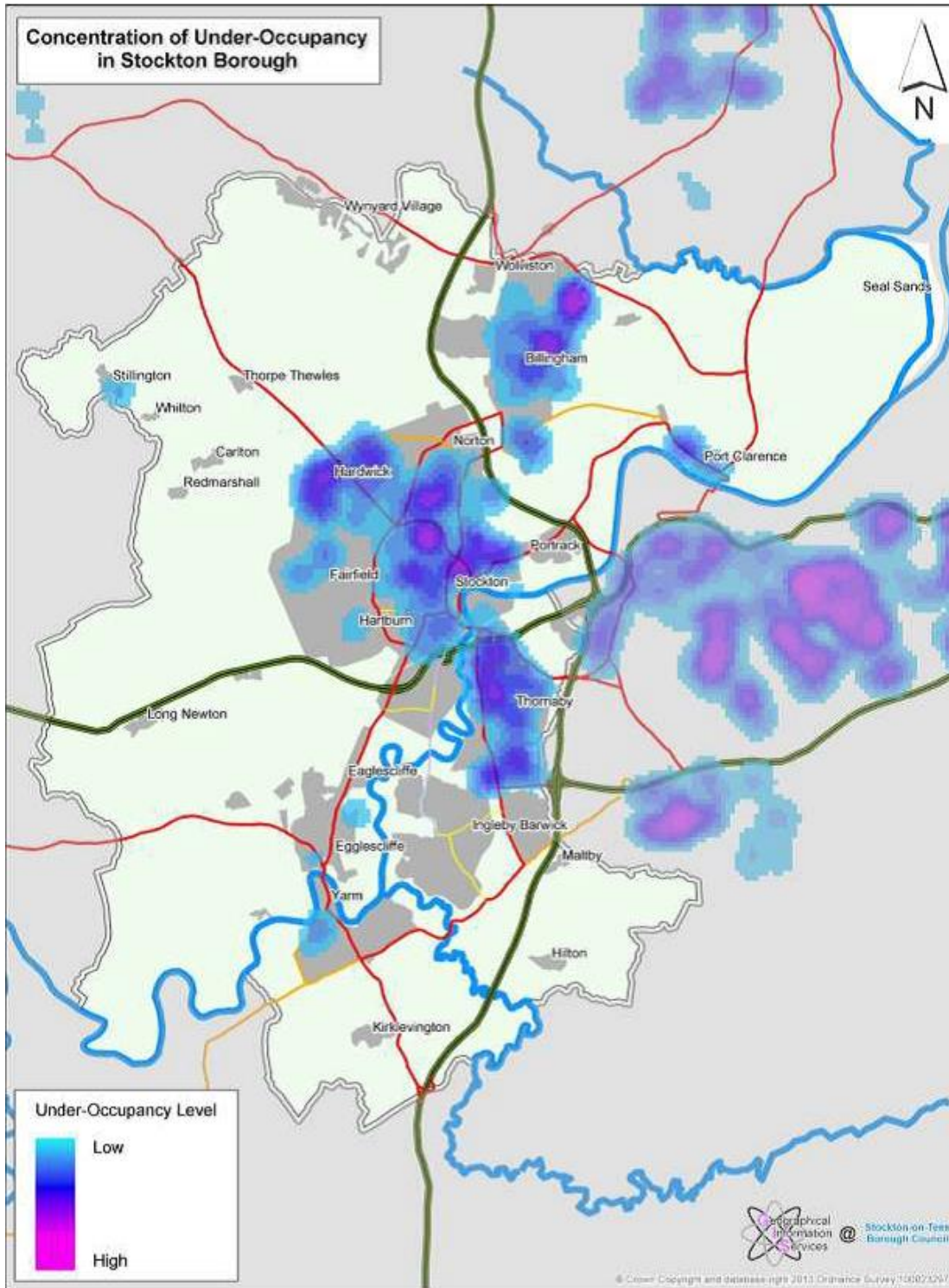
Conclusion

- 5.1 Welfare Reform will continue to have a major impact on the Borough and the wider region. It is too early to see the full effect of the welfare changes and a major element of the reforms, Universal Credit, has been subject to delays and there is no firm timetable for the local roll out.
- 5.2 However it is clear that already local people and service providers are noticing the impact. In total, a significant sum of money has been removed from the benefit payments to residents of the Borough. Some have been affected by changes that have been applied retrospectively and in a manner which they have relatively little control over, particularly the under-occupation charge for social housing.
- 5.3 The Committee has found that a range of good work is taking place to reduce the impact of the reforms. Much of this work is taking place in partnership with housing, advice and local voluntary services, and should be supported.
- 5.4 The Committee has found that there are issues with the implementation of the reforms including the operation of benefit sanctions, and where appropriate local partners will need to continue to support local residents with advice and advocacy.
- 5.5 The effect of welfare change is accentuating the pressure on many households which are which for a variety of reasons financially excluded. This is being demonstrated in various ways including food poverty and levels of debt. Many people are finding few alternatives to high cost credit, and the Committee strongly believes that the development of more sustainable finance options is a key issue facing local communities.
- 5.6 Future work will be needed on the whole agenda in order to better understand the long term effects and ensure that local residents can continue to be supported.

Appendices

Appendix 1

Under Occupancy Heat Map



Appendix 2

Stockton Borough Social Housing by Property Type (May 2013)

	Bedsit (non-self contained)	Bedsit	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed
Accent	0	56	152	185	93	14	0
Coast and Country	0	0	0	12	4	0	0
Endeavour	0	0	48	250	169	28	2
Erimus	0	0	0	0	1	0	0
Habinteg	0	3	16	54	12	0	0
Home Group	0	0	26	23	9	0	0
Housing Hartlepool	0	0	0	2	3	0	0
ISOS	0	0	0	64	105	22	3
Places for People	1	6	39	206	55	9	0
Railway Housing Association	0	0	0	4	0	0	0
Tees Valley Housing	2	0	246	447	301	21	2
The Riverside Group Limited	0	0	0	1	0	0	0
Three Rivers Housing Association	0	0	0	0	1	0	0
Tristar	0	56	2813	2943	3734	192	16

Appendix 3

Draft Stockton 'Stop Loan Sharks' Charter

Stockton Partners' Agreement

This agreement is aimed at tackling any issues of illegal money lending in Stockton.

The England Illegal Money Lending Team aim is to prosecute unlicensed lenders in Stockton.

Stockton partners recognise that effectively tackling loan shark behaviour leads to safer communities and neighbourhoods for Stockton residents.

The aims of the Stockton 'Stop Loan Sharks' Charter are to:

- 1 Increase awareness within local communities of the approaches and tactics that illegal loan sharks adopt when targeting potential victims
- 2 Create a legacy that will make Stockton a difficult place for loan sharks to prosper.
- 3 Increase the financial capability of Stockton residents so that they can make informed financial choices on areas such as affordable lending and saving.
- 4 Increase the confidence of Stockton residents to enable them to report illegal loan shark activity safely.
- 5 Increase the awareness of multi-agencies working with Stockton residents to enable staff to spot signs of a loan shark victim and then offer the victims the opportunity of support.

We agree to achieve this by:

- 1 Promoting the Stockton' Stop Loan Sharks' Charter as widely as possible and encouraging Stockton organisations to sign up to this Charter.
- 2 Plan and implement initiatives to engage and empower local communities to speak about illegal loan shark activity.
- 3 Create opportunities to offer financial capability tools to local communities so residents can make informed financial choices.
- 4 Take a multi-agency approach to facilitate the Illegal Money Lending Team in increasing their reach into local communities.

Appendix 4

Crisis and support schemes in Stockton Borough

[see attached]

DRAFT