

Report to: Cabinet

Date of Meeting: 18 July 2013

Subject: Welfare Reform Update

Report of: Cabinet Members Welfare Reform Reference Group **Wards Affected:** All

Is this a Key Decision? No **Is it included in the Forward Plan?** Yes

Exempt/Confidential No

Purpose/Summary

To update Cabinet on the work of the Member led Welfare Reform Reference Group which sets the direction for welfare reform mitigation which encompasses:-

- A. Impact of implementation of Welfare Reform legislation so far
- B. Work that partners and the Council are doing collectively around mitigation of impact where possible
- C. Preparation work for further Welfare Reform legislation impacts

Recommendation(s)

It is recommended that:

- 1. The incredible energy and commitment from partners and within the Council to mitigate the impact wherever possible is noted and encouraged
- 2. The timeline for implementation of Welfare Reform legislation as set out in Appendix A is noted
- 3. The considerable progress to date on the Partnership Action Plan themes as set out in Section 2 is noted
- 4. The update on Emergency Limited Assistance Scheme (ELAS) as set out in Section 3 is noted
- 5. The emerging issues and proposed mitigation measures are understood and endorsed by Members as set out in Section 4
- 6. Priority short term support wherever possible is offered to families most affected by the Benefits Cap and that the Discretionary Housing Payments Policy is amended to include this priority as set out in para 4.2. d

How does the decision contribute to the Council's Corporate Objectives?

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community	X		
2	Jobs and Prosperity	X		
3	Environmental Sustainability	X		
4	Health and Well-Being	X		
5	Children and Young People	X		
6	Creating Safe Communities	X		
7	Creating Inclusive Communities	X		
8	Improving the Quality of Council Services and Strengthening Local Democracy	X		

Reasons for the Recommendation:

- (i) Ensure that the Cabinet is fully informed of the emerging impact of Welfare Reform
- (ii) Enable the Council to focus efforts and capacity in the most appropriate ways to try and mitigate the impact of Welfare Reform wherever possible
- (iii) To put into place any mitigating actions if possible and work with partners to do so

What will it cost and how will it be financed?

(A) Revenue Costs

Existing officer and partner time is the major resource. The use of the pump priming resource element of £200,000 agreed by Cabinet on 31 July 2013, is also supporting some of the infrastructure that is needed to mitigate the impact wherever possible.

(B) Capital Costs

n/a

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Legal – Welfare Reform Act 2012 and S1 Localism Act 2011		
Human Resources		
Equality		
1.	No Equality Implication	<input type="checkbox"/>
2.	Equality Implications identified and mitigated	<input type="checkbox"/>
3.	Equality Implication identified and risk remains	<input checked="" type="checkbox"/>

Impact on Service Delivery: The partner Action Plan has been put into place and the Welfare Reform Reference Group established to mitigate wherever possible the impacts of Welfare Reform. However, it remains clear that even with partner engagement, the Council will only ever be able to make a marginal impact.

What consultations have taken place on the proposals and when?

The Head of Corporate Finance (FD.2395) and Head of Corporate Legal Services (LD.1710) have been consulted and any comments have been incorporated into the report.

Are there any other options available for consideration?

The proposed mitigation measures have been developed in partnership with key organisations such as JobCentre Plus, Citizens Advice Bureau, One Vision Housing and the voluntary, community and faith sector. Various options have been discussed and suggested at the vibrant and well attended partner workshops as well as internal workshops. All of these have been considered for deliverability and viability. The options put forward are those that are considered to have a practical and realistic outcome.

Implementation Date for the Decision

Following the expiry of the “call-in” period for the Minutes of the Cabinet/Cabinet Member Meeting

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Background Papers:
None

1.0 BACKGROUND AND POLICY CONTEXT

- 1.1. The previous Cabinet report of 31 January 2013 set out the implications of the Welfare Reform Act 2012. It outlined each element of Welfare Reform and the initial response of the Council working with partners in terms of mitigation. Agreed recommendations were as follows:
 - Mitigation partner action plan endorsed
 - Cabinet Member Reference Group established to oversee the direction of welfare reform
 - Progress report to be brought back to Cabinet every six months.
- 1.2. There are two significant groups looking at Welfare impact in Sefton and potential mitigation measures. These are the Welfare Reform Reference Group comprising Cabinet Members – Communities and Environment, Children, Schools, Families and Leisure and Health and Older People. This group meets monthly and provides leadership and direction for the Council on Welfare Reform and have delegated authority on Emergency Limited Assistance Scheme. This report as shown above is submitted on their behalf and shows the breadth of issues relating to welfare reform implementation- but also the depth, commitment and activity of partners across Sefton. The Welfare Reform Partners Group which is a sub group of the Sefton Borough Partnership Operations Board is the group that brings together key partners from Voluntary, Community and Faith sector, Citizens Advice Bureau, One Vision Housing on behalf of Registered Social Landlords, JobCentre Plus and the Council. This group looks at how collectively we can mitigate the impact of Welfare Reform on the community. The discussions and decisions from each group
- 1.3. This report sets out progress in terms of mitigation to date, reflection on the impact of some legislation now in place and how the Council and partners are planning actions as the reforms take further effect. A timeline of when changes will impact in each year is attached at Appendix A.

2.0 CURRENT POSITION – RESPONSE TO WELFARE REFORM SO FAR

- 2.1 Work continues to progress the key themes identified in the Partner Mitigation Action Plan. This is based on the very well attended and positive workshops that have been held with partners. The following sets out “You Said” which is a collective term for all participants in the workshops and the partnership effort that has happened since:

2.1.1 Influencing Policy and Strategy

You said:

Don't produce lots of strategy documents but focus on influencing existing and new policies and strategies:

What has Happened:-

- City Region Conference was convened in March 2013 to bring together key partners around opportunities for mitigation. Sefton was highlighted as an

area of best practice in terms of its approach and activity relating to welfare reform mitigation. Further conference planned to assess impact of changes in near future.

- Cumulative impact tool has been developed for Welfare Reform which will also provide information to the Child Poverty Commission
- One Vision Housing has piloted paying housing benefit direct to tenants with mixed results which has informed their future plans.

2.1.2 Information and advice provision

You said:

Focus on providing specialist advice and information services to people potentially affected by welfare reform changes to build their resilience to cope with the changes.

What has happened:-

- Citizens Advice Bureau (CAB) are already commissioned by the Council to provide advice and information across Sefton. In April – mid June 2013 they provided initial gateway assessments to over 500 people in the Goddard Hall office. 51% of requests were for benefits advice
- CAB has produced a mapping tool showing where people can access advice and information. Posters are being displayed in accessible well used venues by the public i.e Council One Stop Shop, community centres
- CAB have successfully secured over £300,000 Lottery funding. Key elements include training frontline staff in public, private and not for profit organisations to be able to effectively signpost and make 'warm referrals', creation of a new central advice website with online referrals facility and a single telephone number for advice.

2.1.3 Awareness Raising/Training and Workforce Development

You said:

Upskill organisations to make sure that they are aware and understand what the impending Welfare Reform legislation means and the impact on our communities.

What has happened:-

- CAB have successfully delivered training on Welfare Reform to over 145 people in the Council and partner organisations. The feedback from this has been exceptionally positive with 83.4% saying it was excellent. Further training will be available if needs be around particular areas and groups
- Welfare rights forum is currently being established to share best practice, manage workloads and influence social policy
- Limited funding has been provided to CAB to provide additional awareness and training sessions for partners on welfare reform as well as developing partner capacity

2.1.4 Financial Inclusion

You said:

Tackle illegal money lending, payday loans and try and help people not to get into debt.

What has happened:-

- A successful Illegal Money Lending Event was held in February 2013 half term in conjunction with the local schools and community. It raised awareness of loan sharks and provided information about alternative ways of managing money.
- Several locally community organised welfare reform events have been held to raise awareness of advice and support offers. These have been well attended by residents and organisations and more are planned.
- Work is ongoing around community based bank accounts and how credit unions can support people to budget more effectively.
- CAB have secured two years funding from United Utilities to offer financial capability sessions for parents in South Sefton
- A very limited amount of funding has been allocated to tackle illegal money lending

2.1.5 Foodbanks

You said:

Create foodbanks to make sure that people in crisis have access to emergency food provision. Make sure that we work alongside existing food giving models.

What has happened:-

- Southport and South Sefton Foodbanks launched on 10 May 2013. By mid June they had fed 237 people. 76 from Linacre ward.
- Crosby Foodbank opened on 21 June 2013.
- Maghull Foodbank hopes to be open by September 2013
- Formby churches are sorting out being a distribution point for Southport Foodbank
- Pump priming funding has been made available for infrastructure costs associated with the development of Foodbank provision

2.1.6 Furniture Recycling

You said:

Focus on making sure that people in need have access to something to cook on, keep cold food in, sleep and sit on wherever possible

What has happened:-

- Sefton Helping Hand Service (SHSS), a local community organisation operate a crisis package (kettle, microwave, toaster, bed, fridge and settee) for those in need linked to Emergency Limited Assistance Scheme
- Council has provided temporary accommodation at Pendle Drive, Litherland to store furniture, etc
- One Vision Housing has agreed to give all pre-loved good condition furniture to them for redistribution and a potential base for the future.
- Sefton Credit Union offer affordable low cost loans for white goods.
- Limited pump priming for SHSS for infrastructure

2.1.7 Clothesbanks and Charity Shop Networks

You said:

Provide where possible cheap clothing or clothes swap schemes for people in need

What has happened:-

- Parenting 2000 have set up a school uniform bank with five schools in the South Sefton area
- The Council's Education Welfare Service collect school uniform donations and distribute to those in need
- New booklet showing all of the charity shops and services has been produced by Sefton CVS

2.1.8 Communication

You said:

Lets have all the information about Welfare Reform in Sefton consistent with clear key messages shared by all partners

What has happened:-

- Sefton Borough Partnership Operations Board retain this as a strategic priority and monitor the strategic direction of partners on Welfare Reform
- South Sefton Area Partnership retains this as a strategic priority and is monitoring the impact on South Sefton, the area most affected by Welfare Reform
- Welfare Reform Partner Group as sub group of the Operations Board continues to meet and ensure that partners are fully engaged in supporting mitigation of Welfare Reform and communicating to their respective sectors
- Council website page operational and hyperlinked to partner websites with details of offers of support from partner organisations by area
- Specific workshops around welfare reform issues have been held with high levels of attendance (over 90 people at each one). These have covered development of specific actions such as foodbanks and created the overall action plan. In March 2013, a specific training/raising awareness session on illegal money lending to enable partner organisations and Council officers to spot the signs was held.
- Internal Council officer workshop has been held to share information on Sefton progress and to listen to officer experiences.

3.0 Update on Emergency Limited Assistance Scheme

3.1 ELAS at 25 June 2013 is at week 12 of its operation. Cash payments are coming to an end as arrangements have now been firmed up around the use of Foodbank vouchers and "Paypoint" services.

3.2 By 14 June 2013, 2,347 applications had been received from 1,811 applicants. 1,200 have been agreed. The average amount of the award is £43 which is less than the average DWP award of £62. The highest number of applications are from 16 - 45 year olds at 76%. 86.5% of applicants reside in South Sefton with over 36% coming from Linacre ward.

- 3.3 The Welfare Reform Reference Group has agreed that the operation of the ELAS scheme with its current temporary staffing arrangements should continue as planned until 31 December 2013 with a continuous rigorous review of performance and spend. All spending is on target and within the amounts awarded by the Council.
- 3.4 An analysis of Linacre ward ELAS applications has been undertaken at the request of the Welfare Reform Reference Group.

This showed that:

1. 712 applications were submitted with 379 being agreed.
2. Highest number of applications were from single females with dependent children (35.8%)
3. 333 (46.7) applicants had dependent children 16 and under. 220 of these had children under 5 years old
4. Four main categories for asking for help:
 1. Awaiting benefits 7%
 2. Benefit Sanctions- 5%
 3. Lost or stolen money- 7%
 4. Ran out of money – 81%

4.0 Emerging Impacts and Potential Mitigation Measures identified by the Council and Partners

- 4.1 Much of the work on Welfare Reform has been planning for the changes and putting some of the necessary infrastructure in place, especially with the voluntary, community and faith sector. However, the intention has always been to take stock of the actual impact of the changes as they start to hit and reflect on what potential mitigation measures could be put into place if anything. A further workshop for all partners is planned for September 2013 to share experiences and discuss potential mitigation from a resident and volunteer perspective.
- 4.2 The following sets out a snapshot of some experiences of our partners and the outcomes of an internal session with Council officers involved in the Welfare Reform agenda. There are potential mitigation measures included where possible, but these are very marginal and are “tinkering around the edges” as the Council and partners cannot mitigate the impacts in their entirety.
- a) **Impact** - One Vision Housing are experiencing a drop in income and a lack of demand for three bed roomed houses because of fears over the Bedroom Tax. They are currently considering their strategy for debt collection.

Potential Mitigation Measures - Debt collection policies and the real possibility of cumulative debt are being discussed by the Council and Registered Social Landlords

- b) **Impact** - CAB has seen over 500 people in their Bootle office from beginning of April 2013 to 10 May 2013 and on average are unable to see over 75 plus people a week. Request for benefits advice is rising from 40% of the Bureau workload to 51%.

A real issue of concern which comes through partners and Council frontline staff is the level of stress that communities are under. Staff and volunteers in some cases are struggling to provide support for people preventing in crisis as there is not a solution to the issues. Volunteers which are the lifeblood of organisations like CAB are under considerable stress and are reporting that they do not feel that they can make a difference which is what they signed up to do.

Potential Mitigation Measures - CAB has been awarded a further £200,000 from the Emergency Limited Assistance Scheme and the Community Support Fund. This is for work in South Sefton to enable them to recruit more volunteers and therefore undertake more assessments and extend the opening hours. The stress and pressure on staff and volunteers is a serious issue and building resilience is a key element of the draft Council Action Plan.

- c) **Impact** - Concerns have been raised about the level of awareness and understanding of the impact of welfare reform by JobCentre Plus. For example, people are presenting at CAB asking for foodbank vouchers after being sent there by JobCentre Plus. The JobCentre Plus has the facility to provide foodbank vouchers direct and are potentially building up further capacity issues for CAB. Similarly, JobCentre Plus have referred people direct to the Council for ELAS when they offer a short term benefit advances loan for people whose benefits have not been paid.

Organisations have also requested details of where benefit sanctions have been applied to understand what support clients may need. Anecdotal experiences of where benefit sanctions have been applied have been told to organisations like St Leonards and Sefton@Work within the Council. Work is ongoing to see what information about benefit sanctions can be provided and if so to whom.

Potential Mitigation Measures: The above issues are being addressed by building up direct relationships with the local Job Centre Managers and this is a key priority action to keep flagging issues up and addressing them. This will become increasingly important as the Department Work and Pensions (DWP) Local Support Services Framework takes effect.

There is another City Region Welfare Reform Conference planned for September 2013 and this will be another opportunity for the Council and partners in Sefton to continue to lobby DWP about having realistic expectations of the capacity of Sefton to respond and the need for DWP to understand the needs of customers and potential access to support services.

- d) **Impact** - Arvato have seen the highest ever levels of customer contact in their One Stop Shops and Contact Centre in the last two months as a result of Council Tax Reduction Scheme (CTRS) and Welfare Reform, especially Housing Benefit concerns. In Sefton, there are 3,700 households affected by Housing Benefit reductions with the average reduction per household being £12.65 per week. The total reduction is likely to be £2.4m.

82 families who may be most affected by the Benefit Cap have now been identified by DWP. The impact for some families is expected to be at its highest £150 per week this relates to loss of Housing Benefit. Implementation date is

between 15 July- September 2013. There is no indication of who will be affected first as the system works on National Insurance numbers.

Potential Mitigation Measures - Work is ongoing in the Council and with partners to undertake some case management with these families if they wish to access support to try and help them to cope with reduced income and build their personal resilience. This will not replace the amount lost, but will try and mitigate some of the impact and potentially increased costs to the Council and partners.

A Discretionary Housing Payments Fund (DHP) of £547,790.00 is available to provide financial assistance for those affected by Housing Benefits reductions. In April and May 2013, the volume of applications has increased by 747% on the same period last year. By end of the first quarter to June 2013, £133,000 has been paid or committed. This equates to 24% of the available resource. No cases of benefits cap are included to end of June 2013 since this only comes into effect in July 2013. Whilst a few cases have been committed for six months all will be reviewed after three or six months and the commitments arising from in year reviews have not been included in those figures. 686 decisions have been made with 354 being refused and 332 granted. It should be noted that in some cases 68% related to under-occupancy in the social rented sector.

The Discretionary Housing Payments may be used to support families affected by the benefit cap. There is pressure on this fund, however it is being managed to contain the range of demands within the budget available. It is accepted that this is challenging given the pressures of welfare reform. If the number of claims continues at the rate of this first quarter, this may lead to an overspend against the fund. However, it is anticipated that the first quarter will be the highest quarter, with the exception of the benefit cap. Members may wish to use the DHP to support families with the benefits cap.

CAB continue to provide debt advice through the One Stop Shops. Arvato work closely with RSLs and provide a dedicated officer to OVH to assist with priority cases.

A DWP employee will be co-located within the Council in the next few weeks to support the implementation of the benefit cap

The Welfare Reform Reference Group are asking Cabinet to prioritise support for those families most affected wherever possible. As a short interim measure, it is recommended that the Discretionary Housing Payments Fund includes them as a priority group for support and the policy amended to reflect this. Recommendation 5 refers to this.

Confirmation is also being sought from Arvato for resource arrangements beyond 31st December 2013.

- e) **Impact** - There are reports of an increase in illegal money lending and payday loans which are both issues that the Welfare Reform Reference Group and Partner Group continue to look for ways to address them.

Potential Mitigation Measures - On 9 August 2013, there is a community event called Boofest, Council staff will be carrying out questionnaires about illegal

money lending and providing information about it. Riverside Housing Association will be holding a raising awareness session outside the Strand- date to be arranged. Awareness raising days in Southport and work with local schools are being planned. Leaflets warning of the dangers of loan sharks are being put in every food parcel from the foodbanks in the south and north of Sefton. Ward Members will be kept fully informed and involved in this work as it develops.

It is acknowledged that providing alternatives to payday loans is still a major gap going forward. Work is going on at a national level which Sefton is looking at closely. Locally, Sefton Credit Union offers emergency loans to existing Council employees only. Work is ongoing around community bank accounts as a way forward. This is very much an area under development.

- f) **Impact** – The fact that benefits are accessed online is a continuing issue for Sefton as digital exclusion is a problem in some of Sefton’s communities. CAB estimate that 37% of clients will need support to make this digital transition.

Potential Mitigation Measure – The Council recognises that capacity issues have hindered the pushing forward on this agenda. An internal workshop is in the process of being organised to identify what can be done. Sefton CVS are currently refreshing the mapping of all Voluntary, Community and Faith organisations that may be able to assist.

- g) **Impact** - Linked to Welfare Reform is the fact that 32,000 Sefton households have migrated from Council Tax Benefit to local Council Tax Reduction Scheme from April 2013. This has meant a further 17,330 Sefton households paying more Council Tax since April 2013. Council Tax collection is currently running at 0.5% below last year levels.

Potential Mitigation Measures- Initially for those residents in arrears and subject to Court proceedings – only cost is £3 that the court charges them. The approach to collection of money is one of encouragement to pay through letters and phone calls.

As above the Council and OVH and other RSLs are discussing cumulative debts and agreeing a common approach. An exceptional Hardship Fund does exist for those customers in financial difficulty with paying their Council Tax.

4.3 Initial Priority Actions Identified by Internal Council Workshop

4.3.1 These are initial priority actions proposed by the above which need to be explored in further detail:-

- Increase the availability and provision of information, advice and support.
- Identify further funding streams that exist within the council that are related to Welfare Reform linking in with the existing work already undertaken.
- Supporting families most affected back into work.
- Optimise the opportunities afforded to the council in the Local Plan for our residents and communities
- Training for frontline staff & support.
- To adopt a holistic to those Not in Education, Employment or Training (NEET)

- Utilise the options available through the Complex Families contract to improve residents skills.
- To monitor and mitigate the potential for increasing homelessness due to the impacts of Welfare Reform.
- To develop a sustainable model for community resilience
- More collaborative working with DWP
- Ensure that we have the right information in the right places.

5. Resources to support the impact of Welfare Reform are tabled below.

Funding stream	Amount	Purpose of funding
CTRS hardship fund	£143k	To assist CTR applicants to meet their CT liability
Welfare assistance	£955k (Plus £250k administration)	To help Sefton residents to pay for items that they may need in a 'crisis'
Troubled families	£660k (Attachment fees)	The Government has provided this funding in order to provide intensive interventions for 'troubled families'. The DCLG are providing an 'up front' attachment fee, with potential more funding to follow, based on results. The amount of funding for 2013/ 2014 is yet to be agreed, but is likely to be around £660k Arvato have worked with Sefton Council and have identified 11 'troubled families' that will be affected by the benefit cap
Children's Act (Section 17 funding)	£60k	Sefton MBC set aside Council money for 'Preventative and Support budgets', to support children and families. The £60k is the budgeted amount that Sefton receives for looking after children and care leavers. In reality, the team spends more than twice that amount as the budgets weren't aligned when the functions of the teams changed. The extra funding comes out of Sefton's budget
Homelessness	£88k	The Council has a Homelessness Prevention Grant of £88k. The vast majority of this funding is used for Southport Housing Centre. The centre helps with a wide range of housing related issues including rent arrears, tenant rights, landlord rights, disrepair and homelessness. They also advise and support landlords, tenants, homeowners and the homeless

Independent Living Fund	Care package funding of circa £200 per week for the disabled person	<p>The ILF is a Non-Departmental Public Body of the Department for Work and Pensions and provides discretionary trust funding to allow disabled people to live independently.</p> <p>The ILF currently provides payments to 19,136 disabled people nationally. Local Authorities provide care packages to 16,128 of these disabled people of in excess of £200 per week. The funding comes out of Sefton's budget.</p> <p>The DWP carried out a consultation on the future of the ILF – the response is attached at Appendix 6.</p> <p>The Government will close the ILF in 2015 and will devolve funding to Local Government</p>
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Appendix A

Welfare Reforms – Outline Timeline for Changes

The following timelines are subject to change, and some in relation to Universal Credit are 'best guess' estimations.

CHANGE	
2013	Abolition of Council Tax Benefit – Introduction of localised Council Tax Reduction Schemes
2013	Abolition of Community Care Grants and Crisis Loans for general living expenses – Introduction of localised Welfare Assistance Schemes
2013	Replacement of Crisis Loan Alignment payments with a new national scheme of Short Term Advances – Administered by DWP
2013	Introduction of Universal Credit in pathfinder area (Tameside) reduced to 1 pilot site, from initial 4.
2013	Introduction of Housing Benefit Size Criteria in Social Rented Sector (Bedroom Tax)
2013	Introduction of Personal Independence Payments (PIP) to replace Disability Living Allowance for new claimants in pathfinder areas – Includes Merseyside
2013	Introduction of Personal Independence Payments (PIP) to replace Disability Living Allowance for new claimants nationally
2013	Introduction of a Benefit Cap (Limiting the total amount of benefit payable to working age customers)
2013	Introduction of Universal Credit to replace Job Seekers Allowance
2013	Commencement of re-assessment of limited Disability Living Allowance awards
2014	National rollout of Disability Living Allowance re-assessments
2014	Migration of Incapacity Benefit claimants to Employment Support Allowance completed
2014	Introduction of Universal Credit for in work customers
2014	New out of work HB claims transition to Universal Credit commences
2014	Changes to Pension Credit to support customers with children in full time education
2015	New in work HB claims transition to Universal Credit commences
2015	Proposed closure of Independent Living Fund (ILF) and devolvement of funding to Local Government
2015	Change in Circumstance and JSA HB claims transition to Universal Credit commences
2015	All other HB claims transition to Universal Credit commences

	CHANGE
	Pensioner HB claims move to Housing Support as part of Pension Credit
	Re-assessment of all Disability Living Allowance claims completed
	Transfer of all claimants on legacy benefits to Universal Credit completed