
Meeting: Social Care, Health and Housing Overview and Scrutiny Committee

Date: 23 June 2014

Subject: **The Impact of the Welfare Reforms on Central Bedfordshire**

Report of: **Councillor Carole Hegley, Executive Member for Social Care, Health and Housing**
Councillor Maurice Jones, Deputy Leader and Executive Member for Corporate Resources

Summary: The report highlights the work of the Welfare Reform Board, and the impact of the Welfare Reforms on:

- Central Bedfordshire Council and key partners; and
- The residents of Central Bedfordshire.

Advising Officer: Julie Ogley, Director of Social Care, Health and Housing
Charles Warboys, Chief Finance Officer

Contact Officer: Jackie Woods, Service Development Manager, Social Care, Health and Housing

Public/Exempt: Public

Wards Affected: All

Function of: Council

CORPORATE IMPLICATIONS

Council Priorities:

1. The work of the Welfare Reform Board supports the following Council priorities:
 - Enhancing Central Bedfordshire – creating jobs, managing growth, protecting our countryside and enabling businesses to grow.
 - Promote health and wellbeing and protecting the vulnerable.
 - Value for money – freezing council tax.

Financial:

2. The Welfare Reforms have potentially far reaching financial implications to both the Council and residents of Central Bedfordshire. Council Tax Benefit has changed to Council Tax Support, meaning 5,200 households have had to pay Council Tax for the first time, albeit 25% of the full charge. The introduction of the Underoccupation Subsidy and the changes to Disability Living Allowance has further increased pressure on families on low incomes.

Legal:

3. There are no direct legal implications, although a risk of legal challenge leading to changes to the implementation of the Welfare Reforms was identified. The application of Welfare Reforms to the disabled was the subject of a judicial review, and the resulting findings placed the responsibility on the Council and use of the Discretionary Housing Fund. Consequently, the policy has been reviewed to account for this.

Risk Management:

4. Not Applicable.

Staffing (including Trades Unions):

5. Not Applicable.

Equalities/Human Rights:

6. Central Bedfordshire Council has a statutory duty to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics; age disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
7. National and local research indicates that the welfare reforms are affecting a large number of Central Bedfordshire residents such as.
 - Lone parents on low income
 - Families living in social housing
 - Families living in private rented housing
 - Disabled residents of working age and families with disabled children living in their household
8. Many of these residents are low-income working families. For some residents, a small change in their circumstances is having a big impact on family life and their ability to cope without additional support.
9. By considering the groups affected and reviewing relevant policies and procedures it is envisaged that residents can be signposted to appropriate support and that some of the adverse impacts can be mitigated.

Public Health

10. The Welfare Reform Project Board has sought to understand emerging impacts of Welfare Reform on the lives, health and well-being of residents. Whilst it is likely the Welfare Reforms will have an impact on the health of residents, the exact nature and extent of this impact will only be ascertained with continued monitoring. Previous research into the impact of reduced income has shown that the greatest impact is likely to be on mental health and wellbeing. In addition changes to lifestyles have been observed such as unhealthy diets, levels of smoking or physical activity. Welfare Reform may also increase levels of fuel poverty and social isolation.

Community Safety:

11. Changes at a community level could not fully be explored through a short term study, however anecdotal evidence from the research indicated potential changes in residents' social attitudes towards immigrants/ethnically diverse groups living within their areas as competition for local employment and social housing increases.

Sustainability:

12. Not Applicable.

Procurement:

13. Not applicable.

RECOMMENDATION(S):

The Committee is asked to:-

1. **Consider and note the impact of the Welfare Reforms on:**
 - **Central Bedfordshire Council and key partners; and**
 - **The residents of Central Bedfordshire.**
2. **Take account of the content of this report when considering the Discretionary Housing Payment policy report to follow later on the agenda.**

Background

14. On 1 April 2013 a fundamental review of the welfare benefits system was introduced, to reduce complexity and improve work incentives. These reforms included:
 - Council Tax Support;
 - Underoccupancy Subsidy;
 - Benefits Cap;
 - Universal Credit.
15. This was the biggest shake up of welfare and benefits for 20 years, and the implications were wide:

For the Council	Reduced funding for devolved services
	Additional burdens in collecting tax from previously exempt residents
	How to best support individuals to mitigate the impact of the reforms
For individuals	Reduced income/greater outgoings
	Additional complexity, budget management issues etc
For all	Uncertainty as to timing of introduction of Universal Credit
	Delivery of local services is not clear between local authorities and the Department for Work and Pensions.

16 **Council Tax Support Scheme**

The Government abolished the national Council Tax Benefits System on 31 March 2013, replacing it with a requirement for local authorities to work with their precepting bodies to establish a Local Council Tax Support Scheme with effect from 1 April 2013. The new schemes provide a 'discount' against the Council Tax charge, rather than a benefit entitlement.

17 By so doing, it also transferred the risk of any growth in the cost of the system through more Council Taxpayers becoming eligible for Council Tax Support, to local authorities. Councils now have discretion within some constraints, to design their own Local Council Tax Support Schemes. Pensioners, who account for around 48 per cent of the caseload in Central Bedfordshire, have to be protected by law, with any reductions only being able to be applied to working age claimants.

18 The implementation of this scheme has required approximately 5,200 households to pay Council tax for the first time, albeit many of them pay only 25% of the full charge. This has resulted in significantly more work, issuing reminders and follow up recovery action, including court action in appropriate cases. Additionally, the Council Tax collection rate in March 2014 of 97.4% was 0.5% down on the same time in 2012/13 which equates to an additional £760k outstanding. The downturn in collection rates can be seen nationally depending on the level of council tax that council tax support residents are required to pay. However although the collection rate is lower than in 2012/13, the actual amount collected has increased.

19 **Underoccupancy Subsidy**

Under the underoccupancy criteria, one bedroom is allowed per couple, adult or young person (16yrs old+), two children of the same gender, or two children of a different gender if under 10yrs old. The rent reduction impact is 14% if under-occupying by one bedroom and 25% if under-occupying by two bedrooms or more

20 In September 2013 underoccupying tenants in Central Bedfordshire were receiving an average reduction of £15.74 for one bedroom underoccupancy and £28.38 for two or more bedroom underoccupancy per week. The top areas affected were Tithe Farm, Houghton Regis (57 households), Parkside, Houghton Regis (34) and Downside, Dunstable (28).

21 **Benefit Cap**

The government has decided that there should be a limit on how much a family or single person can receive in benefits. The Benefit Cap may apply to anyone from 18 to 61 years of age. The amount has been set to match the average earnings in this country, and so it may change. For couples with or without children and/or single parents, the limit has been set at £500 per week. For single people, not claiming as a couple, the amount has been set at £350 per week. 63 households in Central Bedfordshire are affected by the Benefit Cap.

22 **Universal Credit**

The date for Universal Credit to be introduced nationally has not yet been announced. Implementation is being trialled in a small number of local authorities on a restricted basis but very limited information has to date been provided as to how the trials are progressing.

Actions

23. The Central Bedfordshire Welfare Reform Programme Board was set up to consider the impact of the Welfare Reforms on both residents and the Council, led by the Director of Social Care, Health & Housing and Chief Finance Officer. It consists of three strands of work:
- Resource Assessment – Impact on Council
 - Resident Impact Analysis – Impact on Residents
 - Customer Pathway and Policy – Communications & Partnership

Work Stream 1: Resource Assessment – Impact on Council

24. This work stream has been focussed on what the impact of the changes has been on the Council. It has produced a reporting dashboard and tracked the activity of Council funded schemes as set out below.
25. **Welfare Reform Dashboard**
- A Welfare Reform dashboard was created to enable the Council to compare and contrast key performance figures, and map changes so that direct and indirect financial implications can be tracked, and estimated future resource allocations can be calculated, especially surrounding the Council Tax Support Policy, Discretionary Housing Payments and Local Welfare Provision Funds.
26. The dashboard includes data from the Council Housing, Revenues and Benefits services, as well as Aragon Housing Association, the Citizens Advice Bureau, Bromford Support, Public Health, the Department of Work and Pensions and the Police.
27. **Discretionary Housing Payments**
- The Council has a discretionary power, conferred by the Discretionary financial Assistance Regulations 2001, to make discretionary financial awards known as Discretionary Housing Payments (DHP) to assist residents with their housing costs.
28. The awards are administered by the Council's Revenues and Benefits service and there are established procedures in place to ensure that awards are only made where applications meet the legal requirements, that the merits of the applications are evaluated in an objective and consistent manner, and that awards are only made to those residents in need of financial assistance (in addition to Housing Benefit) to meet the cost of renting a home.
29. During 2013/14 there was a significant increase in the number of applications for DHP and the procedures have been successful in ensuring that the grant funding received has been passed onto deserving households in the form of DHP awards. Feedback from customer groups has indicated that DHP has been a particularly welcome additional support during the period of welfare reforms. Awards relate to approximately 30% disabled claimants, 20% private tenants with a shortfall in the Housing Benefit and the rest relate to claimants who need time to move/adapt financially to the new under occupation rules.
30. In 2013/14 Central Bedfordshire Council received a grant of £280,944. This grant was topped up by an additional £54,200 following a successful bid to the DWP for additional funds, making a total grant of £335,144. All of this grant was paid out in year.
31. A full report on DHP is included elsewhere on the Agenda of this meeting.

32. Housing Transfer

In April 2013 1,250 households were affected by benefit reductions due to underoccupancy, of which 423 were Council Tenants. The Housing Service has helped 52 households to relocate to properties of a size more appropriate to their needs. When tenants move to a smaller house they receive a lump sum, but previously they weren't able to move if they had arrears. The policy was changed to allow those with arrears to use this lump sum to repay any arrears, if by moving they would be in a better position. Housing Associations have also been active in supporting their tenants, and the total number of tenants underoccupying properties fell by 182 to 1,068 by May 2014.

33. Work continues with the remainder of Council tenants still affected to ensure they are receiving advice and guidance on the choices available to them to reduce this number further. The rent arrears of those affected by under occupancy cannot be directly attributed to the Welfare Reforms as some had arrears before April 2013, but the arrears of those in this group have fallen over the year. However, those that have been under occupying since April and have failed to engage or pay the shortfall will now be at the stage of significant arrears and will possibly be facing possession proceedings in the county court.

34. Local Welfare Provision

In April 2013, as part of the Government Welfare Reforms, the "social fund" was passed from DWP to local councils to administer. In Central Bedfordshire the scheme was called Local Welfare Provision. What were Crisis Loans and Community Care Grants are now being administered as Emergency Provision and Grant Provision respectively. Funding in 2013/14 was £431,108 in total, of which £331,074 was spent in the year. Expenditure increased in the second half of the year due to a change to eligibility criteria. Funding for 2014/15 has been reduced to £424,837 but has been withdrawn with effect from April 2015. A request for earmarked reserve will be made to the Executive in July 2014 when considering the 2013/14 financial outturn report. This reserve would provide funding for a further year, 2015/16, and a decision will need to be made by the Council about future operation and funding after this time.

Work Stream 2: Resident Impact Analysis – Impact on Residents

35. This work stream has focussed activity on the impact of the changes of Welfare Reform on residents. The key activity to date has been on the resident impact and an independent study as described below.

36. Resident Impact Analysis

The Welfare Reform Project Board sought to understand the emerging impact of Welfare Reform on the lives, health and well-being of residents by developing a detailed analysis of the likely impact on residents of Central Bedfordshire using data and intelligence from agencies across Central Bedfordshire. This data was then mapped geographically.

37. The study showed that as well as the areas where the greatest impact would traditionally be anticipated, there was an area along the A1 corridor to the east of Central Bedfordshire which was also greatly affected by the changes. It also illustrated that, whilst the key driver of the welfare reforms was to help people back to work, many of those affected are low-income working families, for whom a small change in circumstances will have a big impact on family life, and their ability to cope without additional support

38. **Living with Welfare Reform**

The Board also commissioned a qualitative study entitled 'Living with Welfare Reform'. The study conducted interviews with residents living on benefits from x4 cohort groups – disabled residents of working age and families with disabled children, lone parents on low income, families living in social housing and families living in private rented housing.

39. Findings identified a detrimental impact on the mental health and social isolation of some residents living with welfare reform as they struggle to cope on reduced income and manage debt. Disabled residents of working age and families with disabled children were particularly impacted and identified issues around stress, anxiety and depression arising from uncertainty over changes to disability assessment and concerns over future support.

40. Other issues identified included:

- Household budgeting – need for increased support to manage finances effectively
- High cost of childcare
- Limited public transport services during key commuter times to and from employment centres
- Location and accessibility of local Work clubs
- Unclear signposting to enable residents to access Adult Learning opportunities and Careers advice
- Computer literacy - need for increased support to help residents to access help and advice

Work Stream 3: Customer Pathway and Policy – Communications & Partnership

41. This work stream has been focussed on communicating the changes and giving customers more information about where they are able to access support. It has been responsible for producing a number of leaflets that have been circulated to Councillors and many stakeholders. It has also focussed activity on new investment to support the changes.

42. **CAB**

We have worked closely with the local Citizens Advice Bureau as a key source of independent and impartial advice for all those affected by Welfare Reform. In 2013/14 an extra £40,000 was provided on top of the core grant (which represents a 16% uplift) to cope with the additional demand. This has enabled the opening hours to be extended by 6 hours per week at each of the 4 main locations, using a team of 130 volunteers. During the first 10 months over 2,000 additional clients (a 23% increase) were seen and there is no indication demand is reducing. Most clients come with multiple issues and require repeat contact with the CABs to resolve them. The CABs have requested a further £40,000 for 2014/15 to enable this service to be maintained.

43. **Credit Unions**

Recent research has highlighted the potential demand for Credit Unions. Meetings have been held with the two Credit Unions that operate in Central Bedfordshire: Money Matters, which covers postcodes LU1 to LU7 and Bedford Credit Union, which has a common bond to operate in the rest of Central Bedfordshire.

44. Coverage in Central Bedfordshire is patchy. Exact membership figures are unknown but thought to be circa. 450 adult members and 300 junior members. As well as access to savings accounts and loan facilities, Credit Unions also offer: cheque encashment; debit cards; “Lock it away” accounts, to save for specific occasions such as Christmas; and the Jamjar account (budget account) that has been developed with Universal Credit in mind.

Both Credit Unions have been asked what support they would need from CBC to expand their coverage and increase membership in Central Bedfordshire.

45. **Other Related Activity**

An informal Member Briefing Session will be held by the Executive Member for Social Care, Health and Housing on 12 June 2014, following the submission of this report. 22 Members are scheduled to attend, and others have asked for the information shared in the session to be sent to them.

Conclusion and Next Steps

46. The work of the Welfare Reform Board has been effective in monitoring and mitigating the affects of the Welfare Reforms, keeping colleagues and customers informed and up to date, and directing resources where they will be of the greatest benefit.
47. However, the full extent of the impact of the Welfare Reforms will continue to emerge, and the date for the introduction of Universal Credit has yet to be announced, so it is proposed that the Board continue for another year, in order that the focus it has delivered can be maintained.