

## **Welfare Reform**

Welfare Reform is a key policy area of the coalition government. The timetable of individual reform is a long-term one currently leading up to 2017. The reforms are driven by the ethos of work being the preferred option, localisation and the need to reform what is seen as a complex benefit regime.

As a local authority, Bury has been affected by several aspects of Welfare Reform. These have taken effect from April 13- July13. The purpose of this report is to summarise the impact of these reforms on Bury residents and to update on actions taken by the Council and partners in relation to them.

The main changes:

### **Under Occupancy charge/Bedroom Tax**

Effective from 1<sup>st</sup> April 13

Reduction in Housing Benefit if over-occupied: 14% of rent charged for 1 spare bedroom: 25% of rent charged for 2 bedrooms and above. Pensioners excluded from this reform.

### **Council Tax Support**

Effective from 1<sup>st</sup> April 13

Council Tax Benefit abolished and replaced with a local scheme. LAs given funding for their scheme based on previous year spend less 10%. Pensioners excluded from this reform.

Main features of Bury CTS scheme:

- Payment restricted to Band B (ie no benefit paid above the Band B amount)
- Backdating of benefit abolished
- Increase in non-dependent deductions
- Abolition of Second Adult Rebate

Further, certain vulnerable groups protected, including disabled

### **Social Fund**

This was previously a national scheme administered by DWP. It was localised from April 13 with each local authority being given a fixed grant to administer their own scheme.

Other Welfare Reforms which impact on Bury residents:

Universal Credit: this replaces various state benefits with a single payment. It is paid monthly direct to the customer and is intended to replicate the experience of receiving a monthly salary. Implementation has been drastically scaled back with the number of pathfinders being reduced and customers receiving the benefit approximately only 1000 so far nationally. The type of claim currently being made as a UC claim has been restricted: ie single claimants with no children who have recently stopped working. Currently, the earliest it will start in Bury is April 2015, although it should be noted that this doesn't include pensioner claims.

Another issue which is affecting Bury residents is the impact of the revised sanctions regime administered by DWP.

### **Bury response**

The focus has been on a partnership approach involving the sharing of information, publicity campaigns, approaches in terms of developing relevant policies and the sharing of funding opportunities.

The Welfare Reform Board is the over-arching body in developing Bury's approach to Welfare reform. This group comprises representatives from all Council departments, Six Town Housing, CAB, DWP, private landlords, Springs Housing Association and MP caseworkers. The group meets on a monthly basis and has been in operation since October 2011.

Various initiatives have been developed by the Board including pre April publicity campaigns to customers and providing intensive training on the changes to a wide variety of staff and also to Members. The work continues and oversees various initiatives which have been developed in relation to the individual reforms which are referred to in the actions taken in each area below. The Board has also worked together to identify and develop debt counselling and work related solutions which are available as part of a holistic response to those affected by Welfare Reform.

### **Under occupancy/bedroom tax**

This refers to the impact on Six Town Housing as we don't have access to any comprehensive information from Housing Associations.

The position as at w/c 16.9.13 is illustrated in the table below:

	Week 5	Week 25
Number of tenants affected	954	795
Number in rent arrears	496	453
Total rent arrears of those tenants affected by under occupation	£70,151	£108,869
Amount of rent arrears associated with under	£24,000	£68,253

occupation		
Estimated additional rent arrears	£261,000	£158,308

The reduction in the overall number of affected tenants is due to a number of reasons, including tenants taking in lodgers, changes in circumstances and people moving into work or home. The overall estimated increase in rent arrears predicted in the impact assessment has been downgraded to reflect the current position.

The current position on under occupation rent arrears is worrying and continues to have an adverse impact on overall rent arrears.

Although under occupation rent arrears continue to have an impact, it should be noted that the weekly increase has levelled off over the last eight weeks, fluctuating between £60,000 and £68,000. It is also worthy to note that the majority of affected tenants are attempting to meet the shortfall in Housing Benefit and the number of non payers has reduced significantly, as highlighted in the table below:

	Paid in full	Part paying	Not paying
Week 2	37.50%	8.10%	54.40%
Week 25	41.70%	43.90%	14.40%

Actions taken since the implementation of Under occupancy/bedroom tax

Housing Review Team: this has been in operation since July 13 and is a temporary team funded by the Council consisting of staff from Benefits, Housing Options and Six Town Housing. This team is very pro-active in contacting customers affected by the charge who aren't paying and provides advice and information to tenants affected by the reforms, with the view to identifying potential solutions, which include:

- Paying and staying;
- Rehousing, including offering priority rehousing through the Council's Allocation Policy;
- Advice on taking in lodgers;
- Supporting customers to apply for Discretionary Housing Benefit;
- Supporting customers to seek a mutual exchange;
- Referral for debt / welfare benefits advice via the in house CAB team; and
- Helping towards the cost of moving.

- Signposting to work options where appropriate

A summary of the key outcomes achieved by the Housing Solutions Team since it became operational in July 2013 is given below:

No. of tenants contacted	No. of cases successfully resolved	No. of tenants who have successfully secured DHP	No. of tenants that have been helped to move	No. of pending housing moves scheduled
134	63	22	3	8

A range of other steps have been taken by Six Town Housing address performance issues and support tenants affected by the under occupation penalty. These include:

- The redirection of internal resources to create 3 temporary posts in the Rent Income team;
- Holding a series of community road shows across the borough, aimed at offering tenants advice and information about the Under Occupation Charge, Total Cap on Benefits and Universal Credit roll out;
- Launching the Steps to Success employment pledge to support customers into work and training;
- Planning to launch the Credit Union on the 24<sup>th</sup> October 2013.
- Ongoing staff briefings and communication to ensure they have the tools and skills needed, with over 100 Six Town Housing staff attending recent briefings.

In order to give consistency and resilience to Implementation of a Multi-Agency Review panel to consider cases requiring a court order or an eviction warrant. Consideration is given that every possible alternative has been explored by Six Town Housing as well as the Housing Review Team.

### **Council Tax Support**

Number of households affected:

01 April 13 808

11 July 2013 - 699 households affected

30 September 2013 - 695

In summary we saw a drop in affected cases straight after main billing but the number of cases affected appears to have levelled out at approximately 700.

The impact on collection and customers is being closely monitored. To date, collection remains strong: as at the end of September we are only 0.57% down on collection in comparison to the same time last year. Further, we have issues less summons` in comparison to previous years: see below.

2013/14 - 5,663

2012/13 - 7,535

2011/12 - 6,104

Our experience to date does not appear to be replicated in other local authorities who seem to be experiencing much more difficulty in collection with large increases in the number of summons` they have issued this year.

#### **Action taken:**

Training: all staff have been fully trained in all aspects of debt advice and recovery options for customers affected by Welfare Reform.

Debt advice: staff have been trained in where to signpost appropriate customers. CAB staff are sited with Revenue and Benefit staff at Whittaker Street to facilitate this.

Although we have managed to avoid the cuts to our benefit scheme which other local authorities have had to implement, it is evident that we will have to make further cuts in year 2. Proposed options are currently under consideration.

#### **Social Fund**

The Bury Support Fund covers two main areas of financial assistance – people resettling in to the community and those in crisis/ short term financial need. Food parcels are also provided to those in crisis or who we cannot help financially.

The service is delivered via a small team of officers within Customer Support & Collections and includes CAB staff funded temporarily by the Council to offer debt advice.

Applications are either made via our contact centre or an online form – the form is proving more useful for resettlement cases where people are being assisted by other teams/ agencies, whilst crisis cases are best dealt with over the telephone.

The first five months have seen the following

- 210 Food Parcels issued
- 150 Crisis Payments (£10,079) Averaging £67
- 102 Miscellaneous resettlement (£65,946) Averaging £646
- 32 Domestic Violence resettlement (£18,728) Averaging £585
- 13 Homeless Prevention (£5,482.00) Averaging £422

### **Benefit cap**

The overall benefits cap was introduced in July'13 to limit the amount received by benefits claimants to an amount similar to the average earnings; £500/ week for a couple/ family, £350/ week for a single person.

The cap is applied to the Housing Benefit paid to a claimant rather than the DWP/ HMRC benefits.

Initial estimates by DWP suggested Bury may have upwards of 90 families affected, in reality we have 34.

Weekly reductions range from £172 to less than £1, the average being £60 and the total amount withdrawn £2,034 week.

Thirteen are STH properties, 2 Housing Association with the remaining 19 being privately rented.

We have been working closely with the C.A.B. to assist the people affected with budgeting advice, assistance with looking for cheaper accommodation and advice about obtaining work.

Unfortunately many families did not take advantage of the support offered and a recent meeting with housing providers suggested that many did not understand the link between their Housing Benefit reducing and their rent.

### **Summary**

- A major issue which has emerged and is familiar to all partners involved is lack of understanding and engagement from customers affected.
- On occasion where support has been accepted by customers it has been necessary to closely monitor that they have followed through with agreed actions.
- Partnership working and awareness of other solutions such as work options available has been crucial.
- The Sanctions regime administered by DWP is having a detrimental effect on customers.

## **Associated policies**

### **Appendix 1**

#### **Corporate debt**

The Council recognises that in these economically challenging times and with the ongoing impacts of the Welfare Benefit reforms, many customers are struggling to manage and maintain their essential living expenses on lower incomes.

The policy is the Council's statement on how it will work with its customers and partners (Six Town Housing and Bury District Citizens Advice Bureau) to effectively collect debts from customers.

Our clear objective is to make sure that those who have the means to pay do and those individuals/families in genuine crisis, receive the targeted help and support they need to increase personal capacity, prevent raising debts and thereby protect Council revenue.

This new approach the need for making full use of the resources available, often in different ways to the past, is clearly illustrated in the attached case studies.

### **Appendix 2**

#### **Discretionary Housing Payments**

Local Authorities have the power to award payments of DHP to claimants who are in receipt of Housing Benefits

The recent Welfare Reform changes introduced in April 2013 made significant changes to the awards of Housing Benefit and it is therefore necessary to formalise a policy for the awards of DHP

Housing Benefit reforms including, social sector size criteria changes and the introduction of a benefits cap means that there will be a significant number of claimants facing shortfalls since April 2013

The Government recognised that Local Authorities would be faced with an increased number of applications for DHP and so from April 2013 increased funding from £165,667 in 2012/2013 to £357,994 for 2013/2014

Whilst this has been a significant increase in funding we will not have enough funding to be able to provide assistance to all those affected by these reforms

A policy in relation to award of these payments has been drafted and is attached.

### **Appendix 3**

#### **Poverty Strategy**

This was approved by Cabinet in February and is currently being updated by members of the Welfare reform Board to highlight the best indicators to track the direction of travel of poverty in Bury: eg number of people accessing food parcels.