

TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

25 June 2014

Report of the Director of Finance & Transformation

Part 1- Public

Matters for Information

1 WELFARE REFORM

A report advising Members of the progress of the Government Welfare Reform Agenda, its impact on our Services and residents of the Borough.

1.1 Introduction

1.1.1 In October last year, I presented a report to Members outlining a variety of different components of the welfare reform agenda which may be affecting out residents.

1.1.2 This report gives Members an update on some of these issues.

1.2 Universal Credit

1.2.1 As Members have been previously advised, Universal Credit – the ‘flagship’ of the welfare reform agenda - will simplify the benefits system by bringing together a range of working-age benefits into a single streamlined payment. Members are reminded that it aims to:

- simplify the system, making it easier for people to understand, and easier and cheaper for staff to administer
- improve work incentives
- smooth the transitions into and out of work
- reduce in-work poverty
- cut back on fraud and error.

1.2.2 Those benefits (known as legacy benefits) that will be brought together are:

- Housing Benefit
- Jobseekers Allowance
- Employment Support Allowance
- Income Support
- Working Tax Credit
- Child Tax Credit

1.2.3 Universal Credit will be administered by the Department for Work and Pensions creating a shift of housing benefit from local to national administration.

1.2.4 The new benefit was due to be tested in 'Pathfinder' sites from April 2013 and then rolled-out to all areas from October 2013. This was to be followed by a controlled conversion of existing housing benefit claims to take place over the following two years.

1.2.5 Housing Benefit for pension age claimants was due to follow suit and become wrapped up into Pension Credit payments a year behind Universal Credit. This meant that local authorities would have entirely lost the duty to administer housing benefit by 2016. Although we have had to plan for this scenario, by making plans to downsize our resources, it has not happened.

1.2.6 Initially heralded as the easy to claim, simple on-line benefit with a single monthly payment, news of Universal Credit so far in Pathfinder sites has been mixed. A review by the National Audit Office in September 2013 criticised the project for having weak management, ineffective controls and not providing value for money. A summary of the NAO report 'Universal Credit: early progress' can be found at:

<http://www.nao.org.uk/wp-content/uploads/2014/09/Executive-Summary.pdf>

1.2.7 Following the learning from this report and the experience to date, plans for the national roll-out of Universal Credit have been 'reset'. We formally learnt of this by letter from Lord Freud, Minister for Welfare Reform, in early December 2013. The announcement included an expansion of Pathfinder sites from 4 to 10 and then to cover a greater area of the Northwest, testing of claims for couples in Summer 2014 (so far only claims for single persons have been trialled), families from Autumn and national roll-out during 2016 with conversion of the majority of existing Housing Benefit cases by the end of 2017.

1.2.8 Plans to include housing costs in Pension Credits have been paused.

1.2.9 We have also learnt that in the 'medium term', local councils will continue to administer housing benefit for working and pension age tenants living in supported accommodation. Supported accommodation is defined as:

- accommodation provided by a social, voluntary or charitable landlord, and
- the tenant or claimant/partner is provided with care, support or supervision by or on behalf of that landlord

1.2.10 Claims of this nature are amongst the most complex, resource intensive and expensive to administer. The associated payments of housing benefit carry with them unavoidable losses in Government subsidy compared to the norm. For example, in 2013/14 the direct cost to the Council due to subsidy loss alone was £90,000.

1.2.11 Although the changes to plan have made for tricky resource planning, in some ways they come as welcomed decisions. Pathfinders have unsurprisingly identified difficulties and barriers, such as personal budgeting, IT access and literacy issues which call for remedies.

1.2.12 However, on the flip side, it is in incorporating solutions, such as the proposed Local Support Services Framework, that introduces complexities into a new benefit system born from the need for simplicity. Nonetheless, the roll-out does progress, albeit at a much slower and considered pace. There is plenty of scope and likelihood to see still more significant changes to the current Universal Credit timetable.

1.3 What Universal Credit means for Tonbridge & Malling

1.3.1 As it stands, we administer 6578 claims for Housing Benefit. 4156 of these (63%) are from working age households. Of these, around 200 households are 'supported' and would not transfer to Universal Credit. If the plans for the transfer go ahead as currently set out, the Council will be left with about 2,600 housing benefit claims after 2016.

1.3.2 In terms of workload for the Council's Benefit Service, such a reduction at first sight would seem like considerably less work. New claims account for nearly half of the workload and most new claims come from working age households. Likewise, changes in circumstances for ongoing benefit claims also come mainly from working age households.

1.3.3 However, there is a further complication. As members will know, most Housing Benefit claims have a corresponding claim for Council Tax Support. In the Borough there are 8158 households receiving Housing Benefit and / or Council Tax Support. Of these, 5721 receive both, 1580 receive just Council Tax Support and 857 receive just Housing Benefit.

- 1.3.4 The process to claim Council Tax Support is much the same as that of Housing Benefit. The same set of data is required for both benefits, although for Housing Benefit some additional details are required about rent. A combined application form is used. The data is input once and processed to generate outcomes to both 'benefits'. Therefore, the effect of shedding over half of the Housing Benefit workload will have little effect on the resource required in the administration of the remaining cases. In real terms it will seem like little more than the loss of the 500 or so 'working age, housing benefit only' claims.
- 1.3.5 The Government has pledged to maintain the level of grant for Housing Benefit administration for the next year, however, once Housing Benefit starts to transfer from local to national administration, it is certain that the grant will quickly diminish. This highlights the importance of streamlining the Service and taking every opportunity available to create more efficiency.
- 1.3.6 To mirror the proposed Universal Credit claim process, meet a rising demand for on-line services and prepare ourselves and our customers for future needs we are currently developing an on-line intelligent benefit claim form. The form will be used, where appropriate, for Housing Benefit and Council Tax Support claims. I expect to see the electronic form on the Council's website later this year.
- 1.3.7 Approximately 15,000 households in the Borough claim one or more of the legacy benefits. They will face a significant impact in the introduction of Universal Credit. It is anticipated that most payments will be made monthly in the form of single (combined) credits to bank accounts, to mimic salary payments and encourage budgeting. New claims and reporting of changes in circumstances will be handled on-line by the DWP only. Providing the software and payments processes work as planned then this will drastically simplify the current benefits system and no doubt be welcomed by the majority households effected.
- 1.3.8 However, for those households needing support with all or part of the Universal Credit process, the Government has proposed that Local Support Services Frameworks will be established.

1.4 Local Support Services Framework

- 1.4.1 The proposed framework introduces still further complication for us in the introduction of Universal Credit. The frameworks will take the form of local partnership agreements creating support networks to meet the needs of Universal Credit claimants.
- 1.4.2 Through Pathfinder testing it is now recognized that there is a host of essential services required that need to become formalised to make Universal Credit work, meeting the needs of the most vulnerable households. They need to address issues such as: provision of benefit information, welfare rights advice, triage & orientation, on-line access, assisted digital claiming, provision of accessibility and communication aids, complex needs support where learning / numeracy or literary

difficulties may be involved, money advice, budgeting advice, debt advice, access to banking, identification and handling of exception cases, and more.

- 1.4.3 The expectation is that Councils will design and commission local service frameworks to meet local needs. Tailored partnerships will be formed with housing, community and voluntary sector organisations as well as Government agencies and Council services.
- 1.4.4 Funding for these partnerships is not currently clear. It is proposed to be 'based on outcomes' with more detail following some trialling.
- 1.4.5 The latest publication relating to the Local Support Services Framework can be found at:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/263490/universal-credit-local-support-services-update-trialling-plan.pdf
- 1.4.6 The document sets out 'Learning and Trialling Opportunities'. Councils have recently been invited to express interest in becoming trialling sites for the development of Local Support Services Frameworks.
- 1.4.7 It is likely that the provision of such a framework may call for re-allocation or additional resources from us.
- 1.4.8 Tactically, the framework places an onus on the Council to provide nothing less than a quality service to meet the needs of and protect those residents in the Borough who are most vulnerable, ensuring Universal Credit does not fail them.

1.5 Reforms to Housing Benefit

- 1.5.1 Housing Benefit consists of 5 main schemes, dependant on whether a tenant lives in social sector housing, has been placed in temporary accommodation under a homelessness duty, has lived in privately rented accommodation and claiming since prior to April 2009, moved into privately rented accommodation since April 2009 (Local Housing Allowance (LHA) cases) or has support provided as a condition of the tenancy.
- 1.5.2 Most claims come from social sector housing, approximately 5,100. At any one time, between 5 and 15 are temporary 'homeless' claims, about 175 'old scheme' claims, 1160 LHA claims and 155 'supported' claims. There are other schemes making up around a further 60 claims.
- 1.5.3 In 2013/14, we paid out £34,500,000 in Housing Benefit in the Borough and a further £140,000 to claimants in 'homeless' accommodation.
- 1.5.4 The subsidy return on these sums from the DWP were £33,699,791 and £56,306 respectively.

1.5.5 Housing benefit will transfer to Universal Credit in its current form. Many changes have taken place since the introduction of LHA, reducing and restricting payments. Local Councils have managed the changes and handled the flak.

1.5.6 These changes have included:

- Breaking the local connection of LHA rates by restricting increases to nationally set percentages
- Increasing the age restriction from 25 to 35 for the LHA shared room rate
- Restricting the LHA rate to a maximum of 4 bedroom accommodation
- Restricting housing benefit for working age claimants in under occupied social sector housing by 14% of rent if 1 spare bedroom, by 25% of rent if 2 or more spare bedrooms. Known as social sector size criteria restriction (SSSC), spare room subsidy or bedroom tax.
- Introducing a benefit cap, restricting total weekly benefit income for non-working, working age households to £500. (£350 for single person households). The restriction is applied to the housing benefit element of the total income.

1.5.7 In 2013/14, these changes reduced housing benefit payments by approximately £750,000 in total.

1.5.8 To help soften the blow, the Government has increased the Discretionary Housing Payment (DHP) contribution to the Council. The allocation has risen from £41,969 in 2012/13 to £129,610 in 2013/14 and £165,494 for 2014/15. It is worth noting that all of the 2013/14 allocation was spent. In the year 2014/15, the Council has so far received 578 claims for DHP, 400 of which have been successful.

1.5.9 DHP can be paid to recipients of housing benefit to assist with housing related costs (except Council Tax Support), in addition to housing benefit. Payments are at the discretion of the Council, in line with our DHP policy and DWP guidance, usually based solely on a financial assessment of the claimant's income vs expenditure. Awards are generally made for relatively short periods to enable longer term solutions to be found, such as moving to cheaper accommodation or downsizing.

1.6 Social Sector Size Criteria (SSSC) Restrictions

1.6.1 In 2013/14, the Council received 578 applications for DHP. Of these, 400 were awarded and 178 refused. Approximately £77,000 of the £129,610 budget (60%) was used to assist households affected by the SSSC restrictions.

1.6.2 On 1 April 2013 the social sector size criteria restrictions were applied to over 650 housing benefit claims. This figure has reduced over the course of the year and

currently stands at a total of 575 claims. Of these, 484 have a restriction of 14% of rent. The average weekly loss of benefit for these households is £17.51. While 91 households face an average weekly loss of £33.31 due to 25% restriction.

- 1.6.3 Approximately 495 of the 575 restricted households are living in Russet Homes accommodation.
- 1.6.4 It is difficult to accurately report the reasons for the decrease in numbers of households affected by the SSSC restriction. However, I can say that in 2013/14, Circle Housing Russet assisted 53 tenants to move into accommodation with fewer bedrooms through their "Smooth Moves" initiative. 31 households downsized by 2 bedrooms and 22 by 1 bedroom. The majority of households downsizing by 2 bedrooms came from 3 bed houses and moved into bungalows and sheltered accommodation, whilst the households downsizing by 1 bedroom came from a mixture of houses, bungalows and flats and moved into flats, sheltered accommodation and bungalows.
- 1.6.5 Circle Housing Russet through their 'smooth move' initiative offer incentives to their tenants to encourage and assist them in downsizing to suitably sized accommodation that matches their needs. This is achieved through either Choice Based Lettings or Mutual Exchange. Assistance offered includes financial incentives under the Bedroom Release policy. £750 is offered for every bedroom that is released; a removal allowance of £300; practical assistance with placing bids; in some cases decorating the property that the household is moving into; organising removals; connection and disconnection of utilities and a comprehensive welfare and benefits assessment. In the event that there are existing rents arrears these will be deducted from the bedroom release monies. Although mutual exchange tenants do not qualify for bedroom release, assistance is provided in respect of the removals. An anonymised case study is attached at **[Annex 1]** showing how successful the scheme can be.
- 1.6.6 Circle Housing Russet are providing awareness sessions for relevant Council staff, including Housing, Benefits and Customer Services, to brief them on the schemes they operate and enable them to promote the service when an opportunity arises.

1.7 Benefit Cap

- 1.7.1 The benefit cap was phased in, starting in July 2013. By the end of September 2013 we were told by the DWP that all current cases at that time that should be capped, were capped.
- 1.7.2 The cap restricts the total benefit income for a non-working household to £500 per week (£350 per week for single people with no children). By moving into work and claiming Working Tax Credits, the household becomes exempt from the restriction. Neither is the cap applied where a member of the household is disabled or where the claim is from supported accommodation. Child maintenance payments (from absent parents) are not taken into account when calculating the

total income of the household. This is important as the restriction often applies to single parent households with several children.

- 1.7.3 Although the cap is a restriction to the total benefit paid to a household, the restriction is applied to the housing benefit on the instruction of the DWP. The DWP tell us when a cap should be applied, the reduction in housing benefit and when the cap stops.
- 1.7.4 Since its introduction, the cap has been applied to 31 households in the Borough. Approximately 75% of the households were single (female) parents with between 3 and 6 children. There are currently 19 households where the cap is applied. The restrictions range between £2.06 and £241.22 per week. 11 of these households are Circle Housing Russet tenants.
- 1.7.5 Of the 12 cases where the cap no longer applies, 2 have been made exempt due to claims for Disability Living Allowance, while 10 have moved into work (mostly part-time).

1.8 Council Tax Support

- 1.8.1 The national Council Tax Benefit scheme was abolished and Councils were charged with introducing replacement local schemes from 1 April 2013. Government funding to Councils for local schemes was reduced by 10% compared to that of the previous national scheme funding.
- 1.8.2 A duty to consult over new schemes was imposed on Councils. The Government ensured financial protection for pension age claimants by regulating that local schemes could not see them any worse off.
- 1.8.3 These constraints, together with a relatively short time frame for introduction and the heavy reliance on IT systems to efficiently administer benefits impeded the design and creativity of new schemes. Councils across the land have introduced local schemes based on 'old scheme' rules, with relatively minor alterations for working age claimants, reducing entitlement.
- 1.8.4 Early efforts for all Kent Councils to adopt a single scheme did not materialize. However, we do have similar schemes, with most Councils operating the same reductions. At late notice the Government announced some transitional funding for Councils to restrict the maximum loss of entitlement for working age claimants to 8.5%. This additional funding did not continue into the second year.
- 1.8.5 Tonbridge & Malling Borough Council, along with several other Kent Councils and the support of Kent County Council, adopted a scheme reducing maximum entitlement for working age claimants by 18.5%. This was held to 8.5% in the first year due to the transitional funding.

1.8.6 The following table compares working age Council Tax Support schemes:

Council	2013/14 Reduction %	2014/15 Reduction %
Tonbridge & Malling	8.5	18.5
Tonbridge Wells	8.5	18.5
Maidstone	8.5	13
Sevenoaks	8.5	18.5
Dartford	8.5	18.5
Gravesham	8.5	18.5
Swale	8.5	15
Ashford	8.5	10
Shepway	8.5	18.5
Canterbury	5	5
Dover	6	6
Thanet	5.5	5.5
Medway	25	25

1.8.7 The introduction of the local scheme meant approximately 2660 households in the Borough were faced with paying Council Tax when previously they had received 'full benefit'.

1.8.8 The average annual bill for those households was £77.02. For 2014/15, that average has risen to £206.34.

1.8.9 The impact has been considerable on the Revenues and Benefits Service. There has been a steep rise in customer contact and recovery activity. Overall, nearly 4000 households have faced increased bills due to reductions in 'benefit'. The collection rate of Council Tax from these households has been impressive so far, standing at around 78% for 2013/14, however, it is anticipated that the 2014/15 rate will be lower due to the higher bills and impact of other welfare reform measures taking hold.

1.9 Housing Issues

- 1.9.1 In Housing, the number of people contacting the housing options team for advice continues to be high. Not only are presentations high but the nature of the enquiries are becoming more complex with affordability issues coming to the fore as households struggle to meet the costs of daily living such as food and utility bills.
- 1.9.2 An emerging issue is the affordability of social housing specifically for single person households under 25 years of age. Anecdotal evidence received from Circle Housing Russet is that those single person households under 25 years of age, who have no other vulnerability other than age and who are in receipt of Job Seekers Allowance (JSA) or Employment & Support Allowance (ESA), although receiving assistance with covering rent payments through housing benefit, cannot afford to cover the cost of daily living such as food and utility bills and council tax payments within their JSA or ESA at £57.35 a week. Such affordability issues are also prevalent in the private rented sector. The implication is that self-contained bedsits and 1 bedroom flats are not going to be sustainable for single under 25s in receipt of JSA or ESA. There are currently 50 single person households under 25 registered on the Housing Register.
- 1.9.3 In order to address the issues the Council and Circle Housing Russet are discussing the possibility of piloting a shared accommodation scheme for those under 25. This would effectively be a house in multiple accommodation (HMO). The cost of living should be reduced by sharing the costs of utility bills for example and any such scheme would be linked to assisting those young people not already in work into training and employment. Some of the main challenges will be achieving the right mix of "sharers", conditions of license as well the wider management issues associated with HMOs.

1.10 Family Focus and Employment Issues

- 1.10.1 As Members are aware, the Borough's Family Focus initiative is part of a national troubled families programme. This targets families with issues of poor educational attendance, anti-social behaviour /youth crime and worklessness. Good progress is being made in the Borough overall. To date, 166 local families have been referred into the programme against a target of 175. Of those, 49 families have been supported and a successful outcome has been achieved. Further interventions with families most in need are being made, utilising a 'family intervention' team where intensive support can be provided on a one-to-one basis.
- 1.10.2 Our Family Focus programme has benefitted from good support from a number of local partners. Kent Police have provided a dedicated officer to work on the programme in Tonbridge and Malling focusing on addressing anti-social behaviour issues. A further resource, being commissioned in partnership with the RBLI, will seek to provide a mentoring service for boys aged 11-16 years who present

challenging behaviours and who lack a positive male role model within their families.

- 1.10.3 The lack of employment is a key aspect of on-going welfare dependence. Whilst the number of job vacancies is now rising in the Borough, there remains a need to do more to provide support for those who may not be fully ready to access those opportunities. Working with the RBLI, an employment mentor has been appointed to help family members on the family focus programme become 'work-ready' whilst Job Centre Plus also provide a dedicated adviser who offers support for those who are more able and ready to seek employment.
- 1.10.4 Further support for those not in employment is being made in partnership with Circle Housing Russet who are now running job clubs at East Malling, Tonbridge and Kings Hill. These are open to all people without a job including those on the family focus programme. Job Centre Plus are now referring clients to these job clubs on a regular basis. The employment targets attached to the family focus programme are challenging; in order to claim a successful outcome, at least one adult in the family must have moved off benefits and into continuous employment for 6 months.
- 1.10.5 Further update reports on the programme will be made to the Communities and Health Advisory Board.

1.11 Support Networks and Partnership Working

- 1.11.1 Kent Support and Assistance Service (KSAS) – which replaced the Social Fund in April 2013 - is operated by Kent County Council and is available to support residents who are having serious difficulties managing their income or facing exceptional pressures as a result of an emergency or crisis.
- 1.11.2 As I advised Cabinet in the last report, our staff do signpost many potential applications to the Fund on a regular basis, and across Kent, KSAS advise that the highest level of referrals are made via Gateways, followed by Social Services teams.
- 1.11.3 KCC's policy is that support is not offered in cash (other than exceptional cases) but can provide those in extreme need with essential groceries, items of clothing, goods for young children, energy payments, household appliances and re-used furniture and household items (such as bedding).
- 1.11.4 Across Kent, the awards have generally been broken down as follows:
- food 40%,
 - energy 13%,
 - equipment 45%

- With the remaining 2% spent on travel and emergency cash advance.

I have been unable to get definitive figures for T&M residents at the time of writing, but I believe that somewhere around 400 awards were made in 2013/14, and that around 177 of these were for food parcels.

1.11.5 Details of KSAS can be found at:

www.kent.gov.uk/social-care-and-health/support-in-your-own-home/home-essentials-in-a-crisis

1.11.6 Whilst there have been widespread reports in the national and regional press about the growth in food banks, there appears to be only two 'official' banks in the Borough at present, both operated by churches in Tonbridge, plus a further food bank operated via The Pilsden Community in West Malling. There are a number of food banks in surrounding Boroughs (e.g. Maidstone and Gravesham) to which some TMBC residents may be going. It is also likely that local church and community groups are responding to some local 'individual' needs.

1.11.7 Our understanding is that these facilities are meeting the local demand but the feeling is that future demand is likely to increase.

1.11.8 As I mentioned in my last update report, I chair a corporate officer group to oversee the welfare reform agenda and to co-ordinate services and assist residents within the Borough. As well as a breadth of TMBC officers, the group meetings are also regularly attended by:

- the Local Project Delivery Manager for Family Focus,
- the Head of Housing (Income & Empty Homes) from Circle Housing Russet,
- the Partnership Manager from Job Centre Plus; and
- the Projects Coordinator from Tonbridge & Malling CAB.

1.11.9 In addition, the Commissioning Officer from KSAS attended our most recent meeting and has agreed to join us again later in the year.

1.11.10 Partnership working with the organisations has proven to be extremely valuable and rewarding. As Members fully appreciate, the Borough Council is not resourced (or financed) to be able to lead on all initiatives, and these partnerships help to 'spread the load' and utilise expertise and local knowledge.

1.11.11 Members might recall from the data mapping demonstration, given at the October Cabinet meeting, that as a group we had identified a potential gap in 'support networks' as a result of welfare reform within the Eccles/Burham/Wouldham area. Russet have taken the lead in organising a 'community welfare event' (13 June) to

gauge whether more support is needed. Once I have received feedback I shall update Members.

1.11.12 Further partnership working with other public sector bodies and the voluntary sector will be vital in filling 'gaps'.

1.12 Channel Shift

1.12.1 Helping to make access to government and local authority services easier and simpler is one benefit that may arise from encouraging citizens to do more on-line. For example, on-line applications forms as mentioned at para 1.3.6.

1.12.2 Most DWP and HMRC services are available digitally and we are helping to promote these channels by assisting customers through public computer access and help from our staff.

1.12.3 Development of our own digital channels will continue but, in conjunction, we will also be undertaking initiatives to ensure that no citizens are excluded from being able to access these services.

1.13 Legal Implications

None.

1.14 Financial and Value for Money Considerations

1.14.1 None in respect of this report. The welfare reform agenda does have significant financial implications for the Council but those implications have been/will be the subject of separate reports.

1.15 Risk Assessment

1.15.1 Welfare reforms increase the risk of homelessness, leading to higher levels of customer contact for Customer Services, Housing and Benefits staff. The cost to the Council for the provision of temporary accommodation is increasing. The heavier workload has an adverse impact on performance across the Services.

1.16 Policy Considerations

1.16.1 Customer Contact

1.16.2 Community

Background papers:

contact: Sharon Shelton

Nil

Sharon Shelton

Director of Finance and Transformation