

# TONBRIDGE & MALLING BOROUGH COUNCIL

## CABINET

24 March 2015

### Report of the Director of Finance and Transformation

#### Part 1- Public

#### Matters for Information

#### 1 WELFARE REFORM UPDATE

#### **A report advising members of the progression and impact of the Government's Welfare Reform Agenda**

#### 1.1 Universal Credit

- 1.1.1 Universal Credit is a fundamental and radical element of the welfare reform agenda. It provides a single replacement for the six largest working age benefits, Jobseekers Allowance (JSA), Income Support (IS), Working Tax Credits, Child Tax Credits, Employment & Support Allowance (ESA) and Housing Benefit, now known as the legacy benefits. Claims for Universal Credit are made on-line and payments are made monthly, in arrears. Once fully rolled out, approximately 8 million households across the country will claim Universal Credit.
- 1.1.2 Universal Credit has been designed to simplify the complex web of benefits which currently exists, where claimants may need to make claims with the Department for Work and Pensions (DWP), HM Revenue and Customs (HMRC) and local Councils. Claimants must declare changes in circumstances to each organisation and the amounts of individual benefit awards can affect entitlement to each of the other benefits, understandably creating confusion. It is difficult for someone to see the total effect on their benefits when faced with job opportunities. Financial incentives are relatively low, each stand alone benefit may stop or reduce, creating times with little or no income for the person to struggle through.
- 1.1.3 Universal Credit is an 'in or out' of work benefit, meaning the financial transition for a claimant is smoother when taking a new job or increasing hours. It is administered by the DWP. The benefit provides greater financial incentives to move into work and is easier to understand, with a single taper applied to income. The thinking behind monthly payments in arrears is that it mimics salary payments, encouraging and educating out of work claimants to budget, providing familiarity and confidence for the transition into work.
- 1.1.4 Universal Credit can include an element for housing costs, replacing housing benefit. The housing cost element will be calculated using the same rules as

housing benefit but in most cases will be included as part of the single monthly payment made to the claimant.

- 1.1.5 The Universal Credit project started with Pathfinder sites in the Northwest of England in 2013. Since then, the number of sites has been gradually extended. The original timetable programmed the start of national roll-out to Jobcentres in October 2013, but the schedule significantly slipped.
- 1.1.6 At the time of writing this report, the project has its seventh lead director. It was so far off-track from the original plan, that, following some highly critical independent reports, it was 'reset' in 2014, providing a new timetable.
- 1.1.7 Since the reset, the project appears to be going well. A careful and methodical approach to national roll-out is now underway, starting with the simplest of claims. From February 2015, waves of Jobcentres have started to administer Universal Credit claims for single claimants who would otherwise have claimed JSA, with or without housing benefit. The roll-out is scheduled for completion by March 2016, with Jobcentres and local Councils placed into phased 'tranches'. Our Borough is scheduled into tranche 3, meaning it is likely we will see Universal Credit introduced around October 2015 for single persons. From that point on, a single person who would have previously made a new claim for JSA and housing benefit will make an on-line application for Universal Credit including a housing cost element. The Council will no longer calculate housing benefit but may be called upon by the DWP for advice and information regarding individual claims.
- 1.1.8 The initial impact of the introduction of Universal Credit on my Benefits Service will be minimal. The number of single person new JSA claims is surprisingly low, over the course of a year the number is usually below 80. In addition, the Government has proposed to scrap housing benefit for 18 – 21 year olds.
- 1.1.9 Moving forwards, new Universal Credit claims for couples will start a national roll-out to Jobcentres later this year, followed by new claims which include children. Once the new claim processes for all types of claims are in place there will be a phased conversion from existing legacy benefits to Universal Credit. Completion of the project is scheduled for late 2019.
- 1.1.10 Although difficult to accurately predict, it is estimated that 13,500 homes in the Borough will be supported by Universal Credit.
- 1.1.11 Local Councils will continue to administer housing benefit for vulnerable adults in supported accommodation and all pension age claims. This represents over half of our current caseload of claims. The administration of council tax support will also remain.
- 1.1.12 There are still questions and concerns over the Universal Credit project, the main ones focussing around:

- A simple IT system was developed for use in Pathfinder sites, not originally designed for national use. A 'digital' IT system is in development that is intended for national use but will not be ready until May 2016. The digital service provides an on-line account for each claim. There may be severe delays or failures in administration.
- Making payments for housing costs to claimants will create a higher risk in the occurrence of rent arrears and homelessness. Most tenants in housing association accommodation currently choose to have housing benefit paid directly to their landlords.
- There is an expectation for local Councils to support residents with Universal Credit. The type of assistance required will be: help making new claims, help maintaining claims, money advice and work related support.

1.1.13 As mentioned at paragraph 1.1.7, it is the DWP's intention to expand the national rollout of Universal credit for new single claimants of Job Seekers Allowance (JSA). A letter was received from the Director General of the UC Programme on 16 February (ANNEX 1) listing TMBC as being in tranche 3. A meeting took place in early March between key Council officers and DWP staff to discuss implementation of Universal Credit in the Borough, and I can advise that the DWP's intended implementation date within tranche 3 is 12 October. There is a resource input from the Council in supporting this roll out and agreements to sign up to. It is currently early days as we have had little opportunity yet to consider the issues and I shall keep Members informed as to how this is progressing.

## **1.2 Local Support Services Framework – Universal Support**

1.2.1 In 2013 the Government published 'Universal Credit Local Support Services Framework'. The document set out in detail how local Councils will work together with the DWP to form delivery partnerships, providing and commissioning a wide range of services to support claimants in the transition to Universal Credit.

1.2.2 The proposed services focus on 'triage and re-orientation, on-line assistance, money advice, alternative payment arrangements and work related support. Frameworks should 'build on existing services for supporting claimants locally'.

1.2.3 An update to the document 'Universal Credit Local Support Services Update and Trialling Plan' was published later in that year. It contained a large amount of information specifying what is to be considered as good practice.

1.2.4 The document 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](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/263490/universal-credit-local-support-services-update-trialling-plan.pdf)

1.2.5 It also sets out how such a framework may be funded and made proposals for trialling opportunities.

1.2.6 In October 2014 a guidance document called 'Universal Support – delivered locally: information for local authorities' was published by the DWP.

<https://www.gov.uk/government/publications/universal-support-delivered-locally-information-for-local-authorities/universal-support-delivered-locally-information-for-local-authorities>

1.2.7 The guidance informed us that the Local Support Services Framework is now known as Universal Support and confirmed the trialling sites, with trials due for completion by September 2015.

1.2.8 The focus of the trials is on three main elements:

- Triage
- Digital inclusion
- Financial inclusion

1.2.9 The recognition that particular claimants will have complex needs and vulnerabilities which can be addressed through the formation of locally tailored, co-located partnerships is encouraging. In practice, this is not unlike our Gateway model. I am certain that the experience of our Gateway will enable us to develop our other front line offices and surgeries to meet the needs of Universal Support. Due to the proximity of local Jobcentres to the Borough, excepting Tonbridge, it is likely the Council's front line services will see an increase in number of customers and more complex enquiries.

### **1.3 Reforms to Housing Benefit**

1.3.1 In 2004/05, the Council paid £15,600,000 of housing benefit to 4600 claimants. 10 years on and we will pay over £36,000,000 to 6,600 customers. The marked disproportionate increase in the level of payments is due to rapidly rising rents over that time. Rents have increased across the board, both in the private and social sectors, far exceeding national inflation figures.

1.3.2 The Government has introduced several measures to curb the spiralling national cost of housing benefit payments, starting with Local Housing Allowance (LHA) from April 2008. LHA provided a new housing benefit scheme for new claims in the private sector. Fixed maximum benefit levels were set monthly, initially based on a median average of local market rents. Since introduction, the mid-point average has been reduced to the 30<sup>th</sup> percentile and from April 2013 a move took place to uprate LHA annually, first by the Consumer Price Index and since April 2014, a maximum of 1%. These changes have significantly reduced the correlation between LHA rates and actual local market rents.

- 1.3.3 LHA also removed the choice for claimants to have payments made directly to their landlords. Only in limited specified circumstances can payments be made to landlords.
- 1.3.4 There is plenty of anecdotal and factual evidence to demonstrate that, for those on low incomes, the introduction of LHA has caused a reduction in the numbers of affordable private homes to rent in the Borough, further raising demand for social housing. It is fair to say that there has been a strong message from private sector landlords that they are reluctant to let to tenants who need support from benefits.
- 1.3.5 In turn, the number of people becoming homeless and placed in temporary accommodation by our Council's Housing service has risen since the introduction of welfare reforms, although few cases are directly attributable to any changes. Temporary accommodation is used as an interim solution when the Council has a duty to assist or investigate circumstances of homelessness. The number of placements has plateaued through careful management but costs to the Council continue to rise due to the increased lengths of stay as it becomes harder to find suitable, affordable homes for families to move on to.
- 1.3.6 The following table shows the numbers of claimants placed in temporary accommodation and housing benefit paid:

Year	No. HB claims for temporary accommodation	Total HB expenditure £
2011/12	36	76,302
2012/13	55	90,652
2013/14	47	143,424
2014/15 (as at 19/02/15)	49	214,743

- 1.3.7 The Council is reimbursed by Government for the housing benefit payments on temporary accommodation at a rate of approximately 60%.

#### **1.4 Social Sector Size Criteria Restrictions**

- 1.4.1 In April 2013, the Government introduced 'social sector size criteria restrictions' to housing benefit, otherwise known as the 'bedroom tax'. The legislation set out rules for the numbers of bedrooms needed by family compositions and deductions to housing benefit entitlement if the household has more bedrooms than deemed necessary. Housing benefit is restricted by 14% of the rent (not the housing benefit entitlement) if there is one spare room and by 25% if there are two or more

spare rooms. The restrictions apply to social (housing association) tenancies only and just to working age claimants.

- 1.4.2 The new legislation required the Council to collect data from social landlords to establish the number of bedrooms for all properties with working age housing benefit claims. Once all the records were complete and relevant exemptions applied, such as claims from supported accommodation, the rules have been relatively simple to administer.
- 1.4.3 The restrictions have generated an increased level of customer contact, both from claimants and landlords. Many discretionary housing payments (DHP) have been made to households to help those facing shortfalls. Landlords have reported increased levels of rent arrears due to the restrictions. They are having to work hard and engage with tenants to reduce the risk of rent arrears.
- 1.4.4 The following table details the numbers of restrictions applied:

Date of restrictions	No. of 14% restrictions	Average weekly restriction £	No. of 25% restrictions	Average weekly restriction £
1/10/13	499	16.72	106	31.54
1/10/14	485	16.60	86	33.60
26/02/15	461	17.57	86	33.51

- 1.4.5 Unfortunately it is not possible to state the total number of restrictions that have been applied, only the number in effect at a given date, but the figures do show a decline in the number of restrictions.
- 1.4.6 There are currently 244 households on the Council's housing register looking to downsize. Although not directly comparable due to some policy changes, the figure for 31 March 2014 was 185 households and for 31 March 2013, 114 households. The figures give a strong indication of the measure taking effect.
- 1.4.7 In 2013/14, 53 known households downsized their homes. Between 1 April 2014 and 31 December 2014 there were 40. Most social landlords now operate incentive schemes to encourage tenants to move into suitably sized homes when over accommodated, however, any move is reliant on the availability of suitable accommodation.

## 1.5 Benefit Cap

- 1.5.1 Another Government measure to restrict housing benefit payments, the benefit cap, commenced in the Borough in July 2013. The cap operates by looking at the sum of benefit payments received by an out of work household and limiting the total to £500 per week. The figure of £500 represents the average income for

working households, £26,000 per annum. The restriction is only applied by the Council to any housing benefit in payment, on the say so of the DWP. Receipt of certain benefits, such as disability living allowance or personal independence payments exempt households from the cap.

- 1.5.2 Since its introduction, a total of 38 households have had their housing benefit payments capped. The restrictions tend to apply for relatively short periods of time, often the claimant or partner will find work, removing the cap. Half of the restrictions have been made to single parent households, all of the restrictions are on claims including between 3 and 6 children. Three quarters of the households live in social housing.
- 1.5.3 At the time of writing this report there are 18 households restricted by the benefit cap. The highest restriction is £220.62 per week, the longest duration of the cap being applied for the current cases is since September 2014.
- 1.5.4 Discretionary housing payments can be used to mitigate the effects of the benefit cap. Surprisingly, there have been relatively few claims or awards of DHP for this reason. The Government has pledged to reduce the cap level to £23,000 later this year.

## **1.6 Discretionary Housing Payments (DHP)**

- 1.6.1 The Government provides an annual discretionary housing payment fund to local Councils. Councils can choose to make a contribution to further top up the fund. The fund provides additional financial assistance to housing benefit claimants on a discretionary basis. Assistance can be made on a weekly 'top-up' basis, if there is a shortfall between housing benefit payments and rent, or may be 'one-off' lump sum payments, made for example, to help clear rent arrears or assist moving to more affordable accommodation.
- 1.6.2 Payments of DHP have become a key tool in the prevention of homelessness. The Council has a DHP policy which sets out the objectives for our local scheme:
- To prevent homelessness
  - To support vulnerable households
  - To provide support at a time of crisis
  - Provide temporary assistance to households affected by the welfare reform changes
- 1.6.3 The policy is available on the Council's website:

[http://www.tmbc.gov.uk/\\_\\_data/assets/pdf\\_file/0011/90479/Discretionary-housing-payments-policy\\_1.pdf](http://www.tmbc.gov.uk/__data/assets/pdf_file/0011/90479/Discretionary-housing-payments-policy_1.pdf)

- 1.6.4 The Government has provided a significant increase in DHP funding to local Councils to help with the transition to reduced benefit rates through welfare reform. Individual DHP awards are made on a claim basis, decisions usually based on an affordability assessment. The large increase to the fund has gone hand in hand with a large increase in applications and awards. The administration of the fund has become a key function of the Benefits Service, ensuring the funds are fully and appropriately spent each year.
- 1.6.5 The following table shows the national and local DHP funds, together with the number of successful and unsuccessful applications:

Year	National fund £	Government contribution to TMBC £	No. claims paid	No. claims refused
2011/12	30m	32,834	105	15
2012/13	60m	41,969	131	49
2013/14	160m	129,610	400	177
2014/15	165m	165,494	445	116
2015/16	125m	140,671		

- 1.6.6 During 2013/14, restrictions due to the 'bedroom tax' accounted for 86% of applications. This year, the proportion has dropped slightly to 79%. The majority of awards are made for a period of three months. Awards are frequently made with conditions, such as the claimant registering with Housing services to downsize. Some further awards are made in succession to an original payment if the claimant can demonstrate that he or she has made an effort or there has been some activity to improve the situation. Help to clear rent arrears and help with rent in advance payments to assist claimants in moving accounted for £44,858 of the DHP fund in 2013/14, this year that figure is £61,820 at the end of February.
- 1.6.7 A handful of long term awards have been made. These have been to households that have been adapted to meet the needs of a disabled resident. The cost to the DHP fund to top-up a shortfall in benefit would be far outweighed by the practical and financial costs of moving to a smaller home.
- 1.6.8 Since the abolition of council tax benefit, discretionary housing payments can no longer be used to provide financial assistance for council tax.

## 1.7 Other State Benefits

- 1.7.1 Disability Living Allowance (DLA) is being replaced with Personal Independence Payments (PIP) for people aged 16 to 64. New claims for PIP began, and DLA



ceased to be available for new working age claimants, from April 2013. Like DLA, PIP provides non means-tested support for additional living costs arising from long-term health conditions or disabilities. It is available to people who are in or out of work. PIP has different qualifying rules, assessments are made against a set of criteria in relation to 12 everyday activities:

- Daily living activities – preparing food, washing, dressing, making decisions about money, communicating verbally, reading, incontinence, therapy, nutrition and mixing with others
- Mobility activities – planning and following a journey and moving around

1.7.2 Unlike DLA, almost all claimants must undergo a face to face medical consultation and awards will be reviewed on a regular basis. Rates of PIP are similar to DLA, although there are fewer rates available and it is anticipated that fewer claims will be successful.

1.7.3 There is no automatic qualification to PIP for existing DLA recipients. The DWP will write to everyone currently getting DLA giving 28 days to complete a new claim form for PIP. If the form is not completed and returned then payments will most likely be suspended, potentially leading to cancellation of the claim.

1.7.4 The reform to DLA originally included an assumption that PIP would be fully implemented, including reassessment of existing DLA claims, over three years from 2013. However, mainly due administrative delays and backlogs in face to face assessments, the roll-out has changed to ensure it only takes places in areas where there is capacity to do so. Areas will be selected by postcode until October 2015 when a random selection will start, with completion aimed at late 2017.

1.7.5 The DWP recently announced that waiting times for assessments for new claims has reduced from 30 weeks to 14 weeks and the number of claims cleared per month has risen from 14,000 to 60,000.

## **1.8 Council Tax Support**

1.8.1 From 1 April 2013 Councils had to set up local council tax reduction schemes to replace the national council tax benefit scheme. Rules stated that pensioners could not lose out under local schemes. Funding to Councils was cut by approximately 10% in comparison to funding for council tax benefit.

1.8.2 We established a scheme based along the lines of council tax benefit but reducing entitlement for working age claimants by 18.5%. During the first year, the Department for Communities and Local Government provided some transition funding enabling our reduction to be capped at 8.5%. From the 1 April 2014, the full 18.5% reduction came into effect.

1.8.3 At the introduction of our local scheme, approximately 2,500 households received council tax bills with a balance to pay when, under the 'old scheme' they would not

have had anything to pay because their benefit entitlement covered their full council tax liability. Nearly all of these households are out of work and receive Jobseekers Allowance, Employment and Support Allowance or Income Support.

- 1.8.4 Not unexpectedly, the additional council tax has proven challenging to collect. Changes have been made to our recovery procedure, introducing a 'soft reminder' stage and all round recovery and customer contact has become much busier.
- 1.8.5 The following table shows the council tax collection rates for the current and previous financial years for working age council tax accounts with council tax support.

Date	Liability £	Payments £	% Collected
1/03/15	1,541,540	1,192,894	77.4
1/03/14	1,103,775	876,111	79.4

- 1.8.6 The average amount to pay for a year for the 'first time payers' has risen from around £90 to £190. In 2013/14, the final collection rate for accounts with council tax support was 85.20%. It is likely that the collection rate will be lower this year although the difference will be relatively small. In comparison, the overall collection rate for council tax last year was 98.3 %.
- 1.8.7 Our local council tax reduction scheme is about to enter its third year. Its design is largely constrained by computer software. Using rules and parameters common to both housing benefit and council tax benefit has called for relatively few changes to systems, the approach that nearly all Councils have taken. Housing benefit shares an application form with council tax support and assessments are made by processing one set of data for each application, creating an efficiency that would otherwise be lost.
- 1.8.8 It looks set that housing benefit for pension age claims and claims from supported accommodation will remain with local Councils for at least a further six years. Administration subsidy from Government shrinks year on year making a radically simpler scheme attractive at first sight, but design and implementation would bring with them large IT costs and introduce greater risk of success.

## 1.9 Housing Services

- 1.9.1 The number of customers contacting the housing options team for advice continues to be high. Not only are presentations increasing but the nature of the enquiries continues to be complex with affordability issues still very prevalent. More generally in terms of affordability, the private rented sector is becoming increasingly challenging to access as landlords are able to achieve rental values well in excess of the Local Housing Allowance.

- 1.9.2 Members may recall that in the last Welfare Reform report to Cabinet in June 2014 officers reported the emerging issue of the affordability of social housing specifically for single person households under 25 years of age in receipt of Job Seekers Allowance (JSA) or Employment & Support Allowance (ESA). Although receiving assistance with covering rent payments through housing benefit, this client group cannot afford to cover the cost of daily living such as groceries, utilities and council tax payments within their JSA or ESA of £57.35 a week.
- 1.9.3 In response to this the Council has been working in partnership with Circle Housing Russet to address the issue. An existing three bedroomed Circle Housing Russet property in Tonbridge has been converted to a house in multiple occupation and will be available as a house share for four sharers aged between 18 and 25 years. These sharers will be applicants who have applied to the Council's housing register which will include those ready to move on from the Young Persons supported accommodation scheme on New Wharf Road. The scheme is targeted at those applicants who are in receipt of Job Seekers Allowance, or economically active on low wages who in reality would not be able to afford to sustain a self-contained home. It is anticipated that the property will be ready for occupation within the next few weeks.
- 1.9.4 Members will recall that in the autumn of 2013 the Council reviewed its Housing Allocations Scheme in line with the Localism Act 2011. Immediately following the review the number of households on the register had reduced from circa 1,600 to just fewer than 1,000. However, demand has continued to increase with the numbers now in excess 1,300.

## **1.10 Family Focus Initiative**

- 1.10.1 As reported to a recent meeting of the Communities and Health Advisory Board, good outcomes have been achieved from the first three-year family focus programme.
- 1.10.2 Of the 197 borough families that have been referred to the programme, 132 have now been supported with their outcomes now met and a further 43 are currently receiving support and successful outcomes for these should be achieved shortly. There are 22 cases where the intended outcomes have not been met.
- 1.10.3 The new 5 year phase two programme is now being launched and for Tonbridge and Malling, the target number of families to be tackled totals 612. The criteria which governs entry to the new programme have been considerably widened which will give partner organisations increased flexibility to make referrals. Issues of poor health, domestic violence and financial exclusion are now included as entry criteria. There is, however, a 50% reduction in Government funding for the new programme which will present challenges. To overcome this, existing family intervention resources are to be supplemented with resources from existing KCC's early help teams.

## **1.11 Welfare Reform Officer Study Group**

- 1.11.1 The Welfare Reform OSG continues to meet on a regular basis. The group comprises relevant Council officers and officers from organisations such as Jobcentre Plus, the Citizens Advice Bureau and Circle Housing Russet. Together we aim to keep abreast of the impacts of welfare reform, sharing information and implementing strategic and operational changes to meet or assist changing demands.
- 1.11.2 Achievements so far include the Burham Open Day and introduction of the Nellbooker multi-agency referral system.

## 1.12 Channel Shift – Further progress

- 1.12.1 Cabinet will recall that ‘channel shift’ is achieved when a customer accesses a lower cost channel than they might otherwise have done. The highest cost transactions are ‘face-to-face’, then telephone, then email, and the least costly is where the customer is able to self-serve (mainly through a digital/internet route).
- 1.12.2 Encouraging self-service through use of the council’s web site has been the focus for our recent activity and, to that end, there have been two recent developments that members should be aware of.
- 1.12.3 The first is a stronger **social media** presence with the creation of corporate twitter and facebook accounts, the prime purpose of which is to pro-actively promote content on the web site and drive customers to it, negating the necessity for customers to phone or email for further details. The success of this largely depends upon the number of customers that ‘follow’ or ‘like’ these feeds. It is early days and the effect of this strategy on channel shift will only become apparent when the number of ‘followers’ has substantially increased, and we will be monitoring this closely
- 1.12.4 The second initiative, **web chat**, has had a more immediate effect. Web chat was introduced to the council’s website from 7 January 2015, with the intention of trialling its use by customer services staff and gauging the customer response to such a service. Web chat is about providing support to website users, helping them complete their business with the council whilst they are online, even when they reach a point where they are not clear as to how to proceed. Staff can chat with customers while they are online, helping to guide them through online processes and preventing the need for the customer to telephone or visit in person. Staff can deal with multiple enquiries simultaneously, making web chat much more efficient than traditional forms of customer contact. The first four weeks of operation have seen encouraging usage figures and positive feedback from customers. Total chats for the period were 829 (averaging approx.40 chats per day). Approximately half of these interactions concerned Waste, Planning and Council Tax. Not every chat results in a ‘shift’ as it may be appropriate to invite the customer to email or ring to deal with their query appropriately, but many of these interactions result in the customer being given a link to the appropriate page on the web site, encouraging them to self-serve.

**1.13 Legal implications**

1.13.1 None in respect of this report

**1.14 Financial and Value for Money Considerations**

1.14.13 None in respect of this report

**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 Community; Customer contact

Background papers:

Nil

contact: Sharon Shelton  
Andrew Rosevear  
Satnam Kaur  
Mark Raymond  
Charlie Steel

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