



OVERVIEW & SCRUTINY VIEWS AND RECOMMENDATIONS

TO CABINET 12 NOVEMBER 2014

Report Title	RECOMMENDATIONS OF THE OVERVIEW AND SCRUTINY COMMITTEE – IMPACT OF THE WELFARE REFORM ACT
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Agenda Status: PUBLIC

1. Purpose

- 1.1 To present to Cabinet for consideration, the comments and recommendations of the Overview and Scrutiny Committee on the findings of the Review – Impact of the Welfare Reform Act.
- 1.2 Members of Cabinet have been issued with a copy of the full report. All Overview and Scrutiny review reports are published on the Overview and Scrutiny page on the Council's Webpage and a copy of this report can be located: www.northampton.gov.uk/scrutiny - Previous Scrutiny Reviews.

2. Recommendations

- 2.1 The Overview and Scrutiny Committee recommends to Cabinet that:

Northampton Borough Council (NBC)

- 2.1.1 Northampton Borough Council continues to raise awareness of the ongoing reforms, the impact and support available from partners, the Voluntary Sector and various community groups and organisations.
- 2.1.2 Revenues and Benefits, LGSS, together with Officers from NBC, continue to provide briefings in relation to the emerging reforms and their impact.

- 2.1.3 In recognising the timescales for relevant processes and procedures in relation to Welfare Reform, Revenues and Benefits, LGSS, works closely with Housing Services, NBC, in order that these processes and procedures are speeded up.
- 2.1.4 A dedicated resource for benefits advice, financial inclusion and digital inclusion is established.
- 2.1.5 Claimants are continued to be advised of the availability of Discretionary Housing Payments (DHP) and awarded payment as necessary.
- 2.1.6 A Financial Risk Assessment is undertaken and published.
- 2.1.7 A project is undertaken to establish the roles and responsibilities in relation to Welfare Reform, in particular:
- Implementation
 - Transition
 - Post-transition
- 2.1.8 Staff from the relevant service areas – Customer Services, Housing Services, NBC, and Revenues and Benefits, LGSS, are trained and skilled so that they can support individuals through Welfare Reform.
- 2.1.9 Links with the Department of Work and Pensions (DWP) are actively explored, including the possibility of benefits advice, in particular the application of sanctions, and support presence within the One Stop Shop.
- 2.1.10 Links with ATOS (or relevant organisation) regarding the impact of the delays in assessing the entitlement of PIPs and the delays with appeals are actively explored.
- 2.1.11 The Sustainable Independent Living (SIL) Scheme Toolkit – Northamptonshire County Council Social Fund 2014/2015 is disseminated to all Councillors and staff. A workshop for all Councillors is scheduled explaining the work of the Sustainable Independent Living Scheme and Charity Link and the application process.

Northamptonshire Credit Union

- 2.1.12 Consideration is given to the development of viable alternatives to pay day loans, for example, facilities are introduced to assist clients to set up direct debits from the Northamptonshire Credit Union to pay bills such as rent (Council and private sector), Council Tax and utilities.

- 2.1.13 Consideration is given to Northampton Borough Council joining the East Midlands Credit Union Initiative where rent would be paid directly to the Council, as the social landlord, rather than directly to the tenant.
- 2.1.14 The work of Northamptonshire Credit Union is promoted to encourage people to use it as an alternative to payday loans.

Voluntary Sector

- 2.1.15 Close links into and between the Voluntary Sector and Northampton Borough Council are promoted.
- 2.1.16 Active promotion of the work of Voluntary Sector organisations, such as (Charity Link, Citizens Advice Bureau and Community Law) takes place on the Council's website, within the One Stop Shop and as part of outreach activities such as tenants' conferences.
- 2.1.17 Service Level Agreements with Voluntary Sector organisations are explicit in relation to the necessity to provide support and advice to customers facing sanction.

Food Banks

- 2.1.18 Northampton Borough Council supports the development of Food Hubs.

Monitoring

- 2.1.19 Monitoring of the accumulative impact of Welfare Reform as changes are implemented and embedded continues, to inform the development of appropriate support and, in particular, to help prepare for the implementation of Universal Credit.

3. Background and Issues

- 3.1 The purpose of the review was to evaluate the effect of the Welfare Reform Act on the public and Council employees.
- 3.2 The Overview and Scrutiny Committee, at its work programming event in March 2013, agreed to include a review of the impact of the Welfare Reform Act 2012. This was an issue that had been identified by the Cabinet Member for Finance as one of his key priorities and it had also been suggested by the public as an area for future Scrutiny review. The Overview and Scrutiny Committee commissioned Scrutiny Panel 1 to

undertake the review. An in-depth review commenced in January 2014 and concluded in July 2014.

- 3.3 A Scrutiny Panel was established comprising Councillor Lee Mason, (Chair); Councillor Danielle Stone (Deputy Chair), together with Councillors Joy Capstick, Elizabeth Gowen, Beverley Mennell, Dennis Meredith and Brian Sargeant.
- 3.4 This review links to the Council's corporate priorities, particularly corporate priority 8 – responding to your needs.
- 3.5 The Scrutiny Panel established that the following needed to be investigated and linked to the realisation of the Council's corporate priorities:
- Background data:
 - Presentation setting the Scene: - The policy context and timetable for change.
 - Presentation - An overview of the national Welfare Reforms: Setting a baseline position and measuring impacts
 - Centre for Public Scrutiny's Policy Briefing 19 - Welfare Reform (September 2012)
 - Centre for Public Scrutiny's briefing Paper - The local impacts of the introduction of Universal Credit and the wider welfare reforms (August 2013)
 - Kensington and Chelsea Social Council's report – Change for Children - A study of local families in Kensington and Chelsea (2013)
 - Various relevant published papers from organisations, such as, Rowntree Foundation, Child Poverty Action Group, SHELTER
 - Witness Evidence:
 - Cabinet Member for Housing, Northampton Borough Council (NBC)
 - Cabinet Member for Finance, NBC
 - Housing Advice Service, NBC
 - Head of Benefits and Revenues, NBC
 - Head of Customer and Cultural Services, NBC
 - Community Law
 - Citizen's Advice Bureau, Northampton
 - Northamptonshire Credit Union Ltd
 - Thorplands Sure Start Centre, Northampton
 - SIL Officers, Northamptonshire County Council
 - Charity Link
 - Northampton Food Banks
 - Hope Centre, Oasis House, Northampton
 - Case studies from a variety of constituents via ward Councillors

- Best practice examples from a range of local services and other Local Authorities, in particular, a Local Authority that is piloting Universal Credit

3.6 In considering the evidence the following conclusions were made: -

Impact - Council Employees

- 3.6.1 Evidence gathering highlighted that the Government is transferring more responsibility onto Local Authorities, families and individuals. The immediate impact on Local Authorities and their residents is the reduction in personal, family and Council income. The Department of Work and Pensions states it will work closely with Local Authorities to manage the transition process between now and 2017. Transitional Funding was provided by central Government, which was used by Northampton Borough Council for increased opening hours and more Officers taking and making telephone calls.
- 3.6.2 The Scrutiny Panel acknowledged that the Welfare Reform Act 2012 has not impacted as much as expected on the workload of staff in the One Stop Shop, Contact Centre, Revenues and Benefits and Housing Services. There has been an impact but it was not as great as had been anticipated, for example, Revenues and Benefits Services found the workload to have remained static over the last year but telephone calls have increased dramatically. The Scrutiny Panel noted that more recently, people presenting at the One Stop Shop are in more desperate need.
- 3.6.3 The Scrutiny Panel welcomed the work undertaken by Revenues and Benefits that informed customers about the Welfare Reform Act 2012 and how it could impact prior to its introduction. It was felt that the work undertaken to notify customers of the changes prior to the implementation of the Welfare Reform Act 2012 had made a positive impact.
- 3.6.4 Caseloads were static in 2013/2014 and there has not been a lot of migration. There has not been a lot of migration from London that the Scrutiny Panel is aware of. It was realised that if the caseload is static there are no financial implications on the Authority. The Welfare Reform Act 2012 had not created an increase in inward migration.
- 3.6.5 The Council provides assistance to vulnerable people, such as money advice. The Gateway Team becomes aware of vulnerable, homeless individuals and families very quickly. Demand for assistance such as this has not been as great as expected; Oasis House has provided assistance.
- 3.6.6 Whilst noting that there has not been an increase in customers presenting at the One Stop Shop or Contact Centre directly linked to the Welfare Reform Act 2012, the Scrutiny Panel emphasised that there has been an overall increase in customers because they have more debt because of increased food prices and fuel prices without

a corresponding increase in income. This is across the board – customers in receipt of benefit and those who are working. There have been more requests for food vouchers and requests for Discretionary Housing Payment.

- 3.6.7 The budget for discretionary housing payments (DHP) was increased from £50,000 to £400,000 in 2013/2014, a similar level for 2014/2015. It was acknowledged that this is an adequate annual amount for DHP so far.
- 3.6.8 The Scrutiny Panel emphasised the need for a clear process to disseminate information regarding sanctions and the benefits system. A number of Local Authorities are issuing “Life Packs” when they let a property, which includes information about money management and debt advice.

Impact – General Public

- 3.6.9 The Scrutiny Panel acknowledged that as a result of the Welfare Reform Act 2012, there had been a number of small changes to the benefit system that cumulatively have resulted in a large impact on a considerable number of people.
- 3.6.10 The number of people “missing” an instalment for Council Tax has increased. The collection rate in the Council Tax Support Scheme reflects that the Council is not able to collect it all and it has therefore been reduced by 1.3% to 96% collection rate. Work is undertaken with the most vulnerable clients and the Voluntary Sector regarding an arrangement that most suits their needs. The Scrutiny Panel welcomed the agreement stated in the Allocations Policy that tenants will be contacted when they are two weeks in rent arrears.
- 3.6.11 The Scrutiny Panel was pleased to note that the form for Council Tax assistance had been simplified and was available on-line. Support is also provided regarding completion of the form, should people require it.
- 3.6.12 The Scrutiny Panel acknowledged that the NBC website provides detailed information regarding welfare reform and signposting for anyone affected. The usefulness of the video: www.northampton.gov.uk/welfarereform was recognised.
- 3.6.13 It was highlighted that other factors can have an influence on arrears, such as increased food and fuel prices and static or reduced salaries. The Scrutiny Panel noted that 4,000 tenants have arrears of some kind, which could be from £1 to £1,000. This is 500 more than this time last year. It is estimated that 300 are in arrears as a direct result of the Welfare Reform Act. It was realised that there are some tenants that will not

engage with the Council. The Scrutiny Panel emphasised the need for individuals to look at budgeting as often their income did not match their current outgoings.

- 3.6.14 The Scrutiny Panel welcomed the accessibility of the Credit Union that had relocated to the Guildhall on 4 April 2014. There are costs such as £10 for a client to open an account and 50p to £1 per transaction thereafter.
- 3.6.15 Evidence gathered, in particular from the anonymised case studies, provided by members of the Scrutiny Panel, highlighted that some households and individuals, notably sickness and disability claimants, are affected by several different elements of the reforms and have suffered considerable delays.
- 3.6.16 The Scrutiny Panel was pleased to note that there are no cases of children being taken into care because the family is homeless. Assistance is given to help them find a home, such as private rented accommodation.
- 3.6.17 Families living in bed and breakfast accommodation has increased. Last year there were 19 families in bed and breakfast; week commencing 24 March 2014, there were 30, which included five that were categorised as intentionally homeless.
- 3.6.18 As a landlord, the Council is aware of all of its tenants. Resources are targeted to those that require it. Intervention is provided as needed.
- 3.6.19 The evidence received highlighted the increase in the use of Food Banks and this correlates with sanctions and delays in receiving benefits. Food Banks do a sterling job but the Scrutiny Panel was concerned that people have to use Food Banks. The evidence further highlighted that increases in the use of Food Banks take place particularly during school holidays. There has been an increase in free school dinners nationally and the Scrutiny Panel welcomed that from September 2014, all Key Stage 1 children will be entitled to a free school lunch. Statistics provided at section 3.3.3 of the Overview and Scrutiny report details the number of food parcels distributed from April 2013 to June 2014. The increase in food parcels for families was noted.
- 3.6.20 The Scrutiny Panel was concerned that the needs of cultural diverse communities were not being met by Food Banks but acknowledged that the Sustainable Independent Living (SIL) Officer, Northamptonshire County Council, is currently in dialogue with BME SRP (Sub Regional Partnership) regarding this.
- 3.6.21 The need to educate people regarding not wasting food was highlighted. The Scrutiny Panel was pleased to note that the SIL Scheme was working towards the No Waste Strategy- "Love Food – Hate Waste" and that further ideas had been obtained from a recent workshop.

- 3.6.22 The Scrutiny Panel was concerned regarding the exploitation of people by pay day lenders.

Under Occupancy

- 3.6.23 Under occupancy charge is a change to Housing Benefit Entitlement that means claimants will receive less in housing benefit if they live in a Housing Association or Council property that is deemed to have one or more spare bedrooms. Having one spare bedroom will mean claimants will lose 14% of their entitled housing benefit. Having two or more spare bedrooms will mean they will lose 25% of their entitlement. This tax started affecting properties with spare bedrooms in April 2013. There are exemptions to the under occupancy rules by those that have been in continuous receipt of housing benefit at the same address since 1 January 1996.
- 3.6.24 As of 1 April 2013, 1,134 tenants were under occupiers. As of 31 December 2013 this was 904 and by 31 March 2014 under occupancy had reduced to 842. The Scrutiny Panel noted that the reason for the reduction could be a combination of factors, such as tenants coming off benefits, child's age. The Scrutiny Panel noted that there is a shortage of two bedded properties.
- 3.6.25 The local impact of the reduction in housing allowance for five-bed properties will apply to private sector properties rather than Council housing.
- 3.6.26 Where there are separate household families living in the same property, bedroom need is split, for example, a family with a three bedded property need and grandparents with a one bedded property need, the grandparents' income would be considered in the claim of the family by way of a non-dependant deduction.
- 3.6.27 Case studies obtained by the Scrutiny Panel highlighted the apparent lack of availability of one-bed properties.
- 3.6.28 The Scrutiny Panel noted a recent report that had been published by the Department of Work and Pensions - Evaluation of Removal of the Spare Room Subsidy: interim report. This report was published on 15 July 2014.

Universal Credit

- 3.6.29 The Scrutiny Panel emphasised the importance of Universal Credit and how this will be provided.

3.6.30 The need for evaluation of the impact of the Universal Credit was realised. The Scrutiny Panel felt that it would be useful for a further Scrutiny review to be undertaken that would monitor the effect of Universal Credit after it had been in place for 12 months. It is expected that Universal Credit will start to be rolled out, at the earliest, in Northampton in the spring 2016; full roll out across the country is still being communicated as the autumn 2017 and to some pensioners in 2020. However, the timeline has slipped and a further announcement is expected in the autumn 2014. Work is ongoing locally regarding Universal Credit. The Scrutiny Panel was pleased to note that Northampton Borough Council (NBC) is carrying out partnership working with Southwark Council, who are involved in a Universal Credit pilot.

Published research – Welfare Reform

3.6.31 From the evidence gathered, recent published findings of Central Government's Work and Pensions Committee on 1 April 2014 called for the Government to change a number of its reforms because of their impact on disabled and vulnerable people. The MPs called for people living in significantly adapted homes to be exempt from the bedroom tax, under which benefit is reduced for social tenants deemed to have spare rooms. They also called for everyone on the higher rate mobility or care component of disability living allowance to be exempt. They also said affected households should be exempt if 'there is no suitable, reasonable alternative' home to move to.

3.6.32 Published papers regarding the impact of the Welfare Reform Act highlighted:

- Financial insecurity is the major concern for parents, twice as likely to cause concern as rising bills.
- The cost of school uniforms puts extra financial pressure on parents.
- Affordable childcare is cited as the main barrier to out-of-work parents seeking employment.
- Parents do seek help and are supported by local organisations, family and friends in times of need.
- There are general uncertainties because so many elements of Welfare Reform are taking place over the same period and there are concerns about the cumulative impact of these changes. Organisations are looking to streamline their operations and to prioritise and focus their resources on rent collections and tenancy support. Some may step back from their wider community support programmes. Others are setting up charitable funds. The evidence emphasised that Housing Associations are striving to ensure both they and their tenants work through this situation as best they can but there will be increased costs and real victims. Much turns on how the programme of welfare reform unfolds and what adjustments are made in the process.
- A considerable amount of Housing Associations' stock is affected by the "bedroom tax" Generally, it is the greatest concerns of organisations in the

North of England where there are higher rates of under-occupation and a history of building predominantly larger homes and demolishing smaller homes as part of regeneration schemes to provide more sustainable Housing Associations concurred with the Government's view that the large majority of affected households were likely to stay put, and see their housing benefit reduced.

- Many claimants of incapacity benefits have undergone Work Capability Assessments, been found fit for work and so have moved on to Jobseeker's Allowance. For some, this move may be appropriate and even beneficial. Yet after several years out of the job market, many lack the self-esteem, qualifications or skills to successfully move into employment.
- Some claimants of incapacity benefits have been incorrectly assessed and moved onto Jobseeker's Allowance despite not being well enough to work. People in this situation experience a great deal of anxiety and face the difficult process of appealing the assessment.
- Families affected by Housing Benefit changes have to contemplate moving to cheaper areas or smaller properties. Such moves result in families losing the support networks they have built up over many years, leading to isolation and increased vulnerability. It can also mean children have to change schools.
- As a result of recent reforms, many people are getting into debt. Without sufficient reserves to get through crises, such as unexpected bills or benefit delays, and with the reduction of local authority social funds, many people are turning to food banks or pay day loans.
- The Church can be a valuable source of support for those affected by welfare reform. Located within communities, churches are ideally placed to offer both the short-term support that is needed by those in crisis and the long term relational networks that provide on-going support, helping people to build their self-esteem and skills, and to ultimately reduce their reliance on benefits.
- The Church of England's research paper illustrated how it felt that thousands of households are likely to see a considerable reduction in their income over the six year period from 2010/11 to 2016/17. Whilst some reforms, such as the increase in the personal tax allowance and the freeze in Council Tax, increase the disposable income of certain households, these gains are more than offset by other reforms, such as those to Housing Benefit and tax credits. According to the Institute of Fiscal Studies, the overall impact of recent tax and benefit changes will be to reduce the incomes of the poorest families with children by an average of 5 - 7% by 2015/16.
- The Church of England reports that its studies indicate the impact of recent reforms is not purely financial. There are practical and emotional consequences when families have to consider changing jobs or moving house, or disabled people undergo medical assessments, start looking for work, or cut back on essential spending. In our third and final report on

welfare reform, the Church of England will be exploring these wider dimensions through interviews with local churches and faith-based organisations actively involved in supporting the people most directly affected by the reforms.

- As demand for internal transfers rises and larger properties become undesirable for families receiving housing benefit, void rent losses could increase considerably.
- The cost of loans is likely to increase as lenders price up the extra risks involved in collecting rent directly from tenants who have had other sources of income cut.

Partners

- 3.6.33 The evidence gathered indicated that collaborative funding applications would be useful, coupled with a strategic view. The Scrutiny Panel emphasised that there should not be duplication of effort and that there is a need for co-ordination and support for smaller groups to put in bids for funding.
- 3.6.34 The Scrutiny Panel welcomed the work of Thorplands Sure Start Centre, recognising the importance of its work in such a deprived area.
- 3.6.35 The Social Fund is administered by Northamptonshire County Council and demand is considerable. The Scrutiny Panel was concerned regarding the future of the Sustainable Independent Living (SIL) Scheme, post April 2015.
- 3.6.36 The Scrutiny Panel supported the work of Charity Link and was concerned to note that there had been a fourfold increase in Food Bank referrals. The increase in utility referrals had tripled in Leicestershire since 2012/2013; mainly due to sanctions and delays in benefits.
- 3.6.37 The Scrutiny Panel noted that Councillors can refer individuals to the SIL Scheme and organisations and charities, such as Charity Link. It highlighted the need for all Councillors to be aware of this. It would be useful for the Sustainable Independent Living Scheme Toolkit - Northamptonshire County Council Social Fund 2014/2015, to be disseminated to all Councillors and a workshop scheduled explaining the work of the Sustainable Independent Living Scheme and Charity Link.

Food Banks

- 3.6.38 The Scrutiny Panel was informed that over the past year there has been a significant increase in the use of Food Banks in Northampton. Since May 2013, the Northampton Food Banks have supplied 3,573 food parcels, a mix of one person, two person and family parcels. The most common reasons for requiring the services of a Food Bank include benefit delays, benefit changes, low income and debt.

- 3.6.39 The Scrutiny Panel acknowledged that individuals can normally use a Food Bank five times a year. This is to ensure they do not become dependent upon the service.
- 3.6.40 In addition, the Scrutiny Panel noted the number of food parcels distributed by Thorplands Sure Start Centre – thirteen from May 2013 to April 2014.
- 3.6.41 Sanctions resulting from the introduction of the Claimant Commitment are also creating increased demand.
- 3.6.42 The Scrutiny Panel acknowledged that there had been an increase of 47% of people accessing the Hope Centre on a daily basis. In June 2012 daily visitations were 85; this has increased to 125 per day. Annually, 13,000 people use the Hope Centre. The number of people using the carry-out bag service has increased over the year from 11,800 to 15,000.

4. Options

- 4.1 Cabinet will need to consider the possible options as part of its response to the recommendations.

5. Implications (including financial implications)

5.1 Policy

- 5.1.1 The work of Overview and Scrutiny plays a major part in the development of the Council's policy framework through its work programme.
- 5.1.2 The report and its recommendations have policy implications in relation the impact of the Welfare Reform Act 2012. Cabinet's response will need to consider these issues in detail.

5.2 Resources and Risk

- 5.2.1 Cabinet will need to consider the resourcing issues for the recommendations made.

5.3 Legal

- 5.3.1 Legal issues will need to be considered as part of Cabinet's response to the recommendations.

5.4 Equality

- 5.4.1 Equality issues will need to be considered as part of Cabinet's response to the recommendations.

5.5 Consultees (Internal and External)

5.5.1 The Committee consulted and took evidence from a variety of sources as detailed in paragraph 3.5 of this report.

6. Background Papers

- Overview and Scrutiny Committee report – Impact of the Welfare Reform Act (September 2014)
- Minutes of the meeting of the Overview and Scrutiny Committee – 8 September 2014

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