



Corporate Overview and Scrutiny Management Board

Date **Monday 9 October 2017**
Time **9.30 am**
Venue **Committee Room 2, County Hall, Durham**

Business

Part A

Items during which the Press and Public are welcome to attend. Members of the Public can ask questions with the Chairman's agreement.

1. Apologies for Absence
2. Substitute Members
3. Declarations of Interest
4. Update on the delivery of the Medium Term Financial Plan 7 - Report of the Director of Transformation and Partnerships (Pages 3 - 6)
5. Regulation of Investigatory Powers Act 2000 - Quarter 1 Performance - Report of the Head of Legal and Democratic Services (Pages 7 - 10)
6. Welfare Reform and Poverty Issues - Joint Report of the Director of Transformation and Partnerships and the Corporate Director of Children and Young People's Services (Pages 11 - 36)
7. Such other business as, in the opinion of the Chairman of the meeting, is of sufficient urgency to warrant consideration

Helen Lynch
Head of Legal and Democratic Services

County Hall
Durham
29 September 2017

To: **The Members of the Corporate Overview and Scrutiny Management Board**

Councillor R Crute (Chairman)
Councillor A Patterson (Vice-Chairman)

Councillors E Adam, A Batey, R Bell, D Boyes, J Chaplow, M Clarke, K Hawley, P Jopling, H Liddle, L Maddison, J Makepeace, C Martin, O Milburn, C Potts, L Pounder, J Rowlandson, M Simmons, H Smith, F Tinsley, J Turnbull, M Wilkes, A Willis and S Zair

Faith Communities Representatives:

Mrs M Elliott

Parent Governor Representatives:

Mr R Patel

Contact: Lucy Gladders

Email: 03000 269712

**Corporate Overview and Scrutiny
Management Board**

9 October 2017

Cabinet

13 September 2017

**Update on the delivery of the
Medium Term Financial Plan 7**



Report of Corporate Management Team

**Lorraine O'Donnell, Director of Transformation and Partnerships
Councillor Simon Henig, Leader of the Council and all Cabinet
collectively**

Purpose of the Report

- 1 This report provides an update on the progress made at the end of June 2017 on the delivery of the 2017/18 Medium Term Financial Plan (MTFP7).

Background

- 2 Cabinet has received regular updates on the progress made by the Council in delivering the financial targets within the MTFP since 2011/12.
- 3 Council agreed MTFP7 in February 2017 and for 2017/18 the savings target was just over £23 million. This forms part of the overall savings target for the period from 2011/12 to 2019/20 of around £250 million.

Progress to date

- 4 Previous reports have described our robust approach to delivery of the savings so that savings are delivered early where this is practical.
- 5 As a result, by the end of June 2017 over 74% of the savings target for MTFP7 had already been met with almost £17.2 million of savings having been achieved. This is a significant achievement considering our total savings delivered since April 2011 is over £203 million including public health savings and the identification of proposals for future savings is becoming increasingly challenging.
- 6 By the end of March 2017, we had already achieved over £9.7 million of the savings required for MTFP7.
- 7 The savings fully achieved by April 2017 towards MTFP7 include proposals relating to a full service review undertaken to look at a range of options for the

future delivery of those adult care services currently provided by County Durham Care and Support; a service restructure following the disaggregation of children's and adults services; through the reduction of funding to some providers of non statutory services; a restructure in EHCP; a renegotiation of the Co Durham Housing Group grounds maintenance SLA; price negotiations with bus companies; and a review of insurance claims excess required.

- 8 Further savings achieved within the first quarter included a review of youth support; increase in garden waste charging; a reduction in non-staffing budgets within Libraries; as well as a number of service restructures; and the street lighting energy reduction programme.
- 9 That said we do recognise that on occasions plans need to change which could delay when savings are made, but through the regular monitoring of our MTFP we are able to smooth out delivery of saving using cash limits, ensuring we do not miss our overall savings targets.

Consultation

- 10 As members are aware consultation with the public and other stakeholders remains an important element in the MTFP programme. However due to purdah the planning for delivery of the MTFP meant no public consultations were due to take place during this quarter.

HR implications

- 11 We accepted 28 ER/VR applications, made five employees redundant and 49 vacant posts were removed from the establishment as a result of the MTFP proposals during this period. Whilst the figures appear low for the 74% achievement in savings, the majority of the HR activity required for MTFP7 savings proposals occurred in the previous financial year.
- 12 Since 2011 a total of 1,363 ER/VR applications have been accepted, 648 vacant posts deleted and 567 compulsory redundancies made.
- 13 We are also reviewing all vacant posts to ensure these are being declared surplus as soon as possible or being filled where a business need exists.
- 14 Data relating to staff leaving through voluntary redundancy, early retirement and ER/VR during this quarter showed that 65.5% were female and 34.5% were male, 18% of leavers had not disclosed their ethnicity, 80% were white British and 2% were Black, Asian and minority ethnic (BAME). Regarding disability status 5.5% said they had a disability, 18% had no disability and 76.5% did not disclose their disability status.
- 15 The profile of those leaving through compulsory redundancies showed that 59% were female and 41% were male, 41% had not disclosed their ethnicity and the remaining 59% were white British. There was no disclosed disability.
- 16 The Council continues to support employees affected by the MTFP savings plans and the total number of staff who have been redeployed is 442 since the process started.

- 17 At the end of June 2017 we had over 157 open expressions of interest for ER/VR. This has reduced by 20 since the last quarter through active monitoring in order to reduce the need for future compulsory redundancies.

Equality Impact Assessments

- 18 Equality impact assessments (EIA) form a key part of the ongoing MTFP process. A number of initial screenings for new savings and updated EIAs for ongoing savings were provided to Cabinet ahead of the budget setting decision in February 2017. They are updated during the year to take account of consultation responses and additional evidence; the updates also include information on any mitigating actions.
- 19 The impact assessments and action plans are considered during decision making processes, for example, updated EIAs are provided where Cabinet receive a report ahead of consultation and where a further report is received with any final recommendations.

Recommendations and reasons

- 20 With the Government's austerity programme due to continue for several more years, the Council continues to be in a strong position to meet the ongoing financial challenges although recognising these are becoming even more challenging. Through the robust management, process supporting the MTFP ensures we remain ahead of the savings target requirements.
- 21 For MTFP7 the Council has already delivered almost £17.2 million of the savings required (74%), and in total has now delivered over £203 million in savings since 2011.
- 22 Members are recommended to note the contents of this report and progress made in delivering MTFP7.

Contact: Roger Goodes Tel: 03000 268050

Appendix 1: Implications

Finance – The delivery of the MTFP involves cumulative saving of approximately £250million over the period from 2011 to 2020 of which over £203 million has been delivered to date. This figure now also includes savings delivered in Public Health.

Staffing – Where the proposals affect staff, full consultation is undertaken and the trade unions consulted. Wherever possible, staff reductions are done through voluntary means. In addition, there has been a proactive management of vacancies to lessen the impact on staff and the Council has a redeployment process which continues to find alternative employment for a number of staff.

Risk – The delivery of the MTFP is highlighted as one of the Council's strategic risks and is monitored through the corporate risk management process. In addition, risks for individual proposals are being monitored through the work undertaken to deliver the proposal.

Equality and Diversity / Public Sector Equality Duty – An Equality Impact Assessment (EIA) was undertaken for the original 4 year MTFP plan and additional screening was undertaken for proposals which have been identified for subsequent MTFPs, together with any other changes made to the original plan. In addition, for each proposal an EIA is undertaken as part of the decision-making before the proposal is implemented.

Accommodation – As proposals are planned the impact on accommodation is ascertained, with staff being consulted on any moves as part of the process. The loss of over 2,578 posts from the Authority will mean a requirement for less accommodation and the Office Accommodation Team has built this into the Office Accommodation Strategy.

Crime and Disorder – N/A.

Human Rights – N/A.

Consultation – A full consultation with a range of stakeholders was undertaken on the MTFP prior to its agreement and again in 2013. In addition, where appropriate for individual proposals, internal and external consultation plans are developed so that consultation informs the decision making process.

Procurement – A number of the proposals involve the changing of existing contracts and this work is being taken forward through the Council's agreed procurement processes.

Disability Issues – Any disability impacts are being picked up through the Equality Impact Assessments undertaken.

Legal Implications – The legal implications of any decisions required are being considered as part of the delivery of the proposals.

**Corporate Overview and Scrutiny
Management Board**

9 October 2017

**Report on the Council's use of powers
under the Regulation of Investigatory
Powers Act 2000 – Quarter 1 - 2017/18**



Report of Helen Lynch, Head of Legal and Democratic Services

Purpose of the Report

1. To inform members about the Council's use of powers under the Regulation of Investigatory Powers Act 2000 ('RIPA') during the period 1 April 2017 until 30 June 2017 (Quarter 1) to ensure that it is being used consistently with the Council's policy and that the policy remains fit for purpose.

Background

2. As members are aware, the Regulation of Investigatory Powers Act 2000 (RIPA) enables local authorities to carry out certain types of surveillance activity provided that specified procedures are followed. The Local Authority is able to rely upon the information obtained from those surveillance activities within court proceedings.
3. This report gives details of RIPA applications that have been authorised during the period 1 April 2017 until 30 June 2017 and the outcomes following surveillance.

Quarter 1 Activity

4. During Quarter 1 there were 2 new RIPA Directed Surveillance authorisations, which related to operations conducted by Trading Standards regarding sales of counterfeit tobacco from residential premises and test purchases at a number of premises where complaints were received by the Council about underage sales of alcohol.
5. There were no new Covert Human Intelligence Source (CHIS) authorisations during the period.

6. The Council's Senior Responsible Officer is satisfied that the Council's use of its powers under RIPA during Quarter 1 is consistent with the Council's policy and that the policy remains fit for purpose.

Outcomes following surveillance

7. In relation to one test purchase operation, non-compliance has been dealt with by way of 2 prosecutions and committee review and one committee review. Surveillance remains ongoing in the operation regarding sales of counterfeit tobacco from residential premises.

Recommendations and Reasons

8. It is recommended that members receive the quarterly report on the Council's use of RIPA for the period 1 April 2017 until 30 June 2017 and resolve that it is being used consistently with the Council's policy and that the policy remains fit for purpose.

Background Papers

None

Contact: Laura Renaudon

Tel: 03000 269886

Appendix 1: Implications

Finance: None

Staffing: None

Equality and Diversity: None

Accommodation: None

Crime and Disorder: The appropriate use of an oversight of RIPA powers will enable the Council to provide evidence to support appropriate prosecutions and tackle crime.

Human Rights: Use of investigatory powers potentially engages the Human Rights Act 1998 and in particular the qualified right to private and family life under article 8 of the European Convention. This right may only be interfered with in circumstances where it is necessary and proportionate to do so in pursuit of the public interest. Oversight by the Board of the Council's RIPA operations is designed to facilitate compliance with the Human Rights Act.

Consultation: None

Procurement: None

Disability Discrimination Act: None

Legal Implications: The Council's objective is to make lawful and appropriate use of surveillance techniques where required whilst complying with the provisions of the Human Rights Act 1998 and in particular the provisions of Article 8 of the ECHR securing respect for an individual's (qualified) right to privacy. Quarterly oversight by the Board helps secure this objective.

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Welfare reform and poverty issues

Report of Corporate Management Team

Lorraine O'Donnell, Director of Transformation & Partnerships

**Margaret Whellans, Corporate Director of Children and Young
People's Services**

Councillor Jane Brown, Cabinet Portfolio Holder for Social Inclusion

Purpose of the Report

- 1 This report provides an update on welfare reform, with a particular focus on the latest developments in relation to Universal Credit and the work the council and its partners are doing in relation to child poverty.

Executive summary

- 2 The government has sought to maintain its programme of welfare reform with new proposals and measures introduced in relation to:
 - (a) increasing the amount of free childcare for working parents with three and four year olds;
 - (b) launching the next phase of the Troubled Families programme with a greater emphasis on helping parents with complex needs into work;
 - (c) support for the most disadvantaged families to reduce parental conflict;
 - (d) enhancing the role of Jobcentre Plus in working with local partners to identify and help people with complex needs;
 - (e) greater support for those with drug and alcohol dependencies;
 - (f) changing the reporting requirements on government in relation to child poverty.
- 3 Whilst the Conservative Party proposed further reforms in relation to pensioner benefits during the General Election campaign, it has since pulled back from these proposals with the maintenance of the triple lock on pensions and winter fuel allowance written into the Conservative administration's Confidence and Supply Agreement with the Democratic Unionist Party.

- 4 The government is moving forward with the next stage of implementation with Universal Credit (UC) which will see the roll out of the 'digital by default' full service UC to all claims made by working age couples and families. The national rollout is scheduled to run from May 2016 to September 2018 and 10 Jobcentres in different parts of the county will go live with the new service on a phased basis between October 2017 and March 2018.
- 5 The council is working with the DWP to plan for the roll out of full service UC and more generally continues to work with local partners including landlords and housing providers, the community and voluntary sector, the Advice in County Durham Partnership and area action partnerships, to respond to the impacts of welfare changes on local people and communities. Measures used to date include the Council Tax Reduction Scheme, Discretionary Housing Payments, the Welfare Assistance Scheme, employment and employability initiatives and local action supported through area action partnerships.
- 6 The council has established a specific portfolio holder for welfare reform on Cabinet and a Child Poverty Working Group has been established under the Poverty Action Steering Group (PASG).
- 7 While the government's welfare changes continue to affect people in the county, it is difficult to distinguish between changes resulting from welfare reforms and the continuing impact of wider economic trends associated with recovery from recession, all of which affect income, wealth and poverty and the nature of child poverty. For example two thirds of children in poverty are in working households.
- 8 Since the welfare reforms commenced in 2011, the council and its partners have experienced increases in demand for welfare-related services, including advice and assistance, applications for Discretionary Housing Payments and Welfare Assistance, foodbank and charity referrals and personal financial action planning.
- 9 It is therefore vital for the council to continue to develop its partnership-based approach to understanding and tackling poverty and welfare related issues, in particular those which impact on children and young people.

Background

- 10 On 18 January 2017, Cabinet considered the most recent report on the implications of the government's welfare reform programme and agreed to an in-depth piece of work further exploring child poverty in County Durham.
- 11 This report provides an update on recent policy announcements and changes, and focuses in particular on the latest developments in relation to Universal Credit and the work the council and its partners are doing to better understand and tackle child poverty in the county.
- 12 Since the welfare reforms commenced in 2011, the council and its partners have experienced increases in demand for welfare-related services, including advice and assistance, applications for Discretionary Housing Payments and Welfare Assistance, foodbank and charity referrals and personal financial action planning.
- 13 It is vital for the council to continue to develop its partnership-based approach to understanding and tackling poverty and welfare related issues in particular those which impact on children and young people.

- 14 To provide clear political stewardship for this work, the council has created a specific Cabinet portfolio for social inclusion which includes responsibility for welfare reform and impact, and following the council's Annual Meeting on 24 May 2017, Councillor Jane Brown has taken on this portfolio.

Policy update

- 15 Since 2010, welfare reform has been a major theme of government policy and a raft of changes to reduce government spending on welfare have been introduced. The changes, which are intended to encourage people to support themselves through work rather than welfare, have seen people affected by reductions in benefit entitlements as well as the amount of benefit people may receive. People of pension age continue to be protected against many of the wider reform changes.
- 16 The government has made further welfare and benefits policy announcements since the last report to Cabinet in January 2017. Key headlines include:
- (a) working parents with three-and-four-year-olds will get their free childcare entitlement doubled to 30 hours a week;
 - (b) government plans to improve support to workless families and their children, published in '*Improving Lives: Helping Workless Families*' policy paper in April 2017. The proposals include:
 - (i) launching the next phase of the Troubled Families Programme, which will place a greater emphasis on helping parents with complex needs into work;
 - (ii) a new programme to reduce parental conflict by providing access to proven support for the most disadvantaged families, whether parents are together or separated;
 - (iii) enhancing the role of Jobcentre Plus in working with local partners in a more joined-up way, to identify people with complex needs at the right time and better address their needs; and
 - (iv) greater support to help those with drug and alcohol dependencies into work, by implementing recommendations from Dame Carol Black's review of employment and drug and alcohol dependency.
 - (c) the wider roll out of Universal Credit, from the 'live service' which was limited to new claims from single claimants without children who are fit to work, to the 'full service' which will affect all new claimants (see paragraph 68 for more details).

The Life Chances Act

- 17 The Welfare Reform and Work Act 2016 renamed the Child Poverty Act 2010, to the Life Chances Act 2010. The targets, measures, reporting duties and requirements for national and local child poverty strategies were scrapped and new reporting requirements on the Secretary of State introduced on full employment, apprenticeships and on life chances (workless households and educational attainment).
- 18 Whilst the government initially wanted to remove a statutory duty to publish levels of UK household income, following an amendment proposed by the Bishop of Durham in the

House of Lords, Ministers amended the bill to include annual statutory reporting on the percentage of children who live in households whose equivalised net income:

- (a) for the relevant financial year is less than 60 percent of median equivalised net household income for that financial year;
- (b) for the relevant financial year is less than 70 percent of median equivalised net household income for that financial year, and who experience material deprivation;
- (c) for the relevant financial year is less than 60 percent of median equivalised net household income for the financial year beginning 1 April 2010, adjusted to take account of changes in the value of money since that financial year;
- (d) has been less than 60 percent of median equivalised net household income in at least three of the last four survey periods.

Local Housing Allowance Cap on Supported and Sheltered Housing

- 19 In 2015, the Chancellor outlined plans to cap the amount of rent that Housing Benefit will cover in the social sector to the level of the relevant Local Housing Allowance (LHA). It has since been confirmed that this will be delayed until April 2019 but will apply to all tenants in supported and sheltered housing as part of a new system for funding rents and service charges.
- 20 From April 2017, social landlords are required to reduce rents in supported and sheltered housing by one percent per year for a three year period, in line with the policy for general needs tenants.
- 21 There is an exception to this rule for alms houses, fully mutual housing co-operatives, refuges and community land trusts. Properties outside the Homes and Communities Agency's Rent Standard are also exempt including specialist supported housing.

General Election

- 22 Following the General Election outcome, the government revised some of its initial election policy proposals, as a condition of the Confidence and Supply Agreement it negotiated with the Democratic Unionist Party.
- 23 Whereas during the election campaign, the Conservative Party had proposed to revise pensions protection and to introduce means testing for the winter fuel allowance, the government subsequently confirmed the continuation of the pensions 'triple lock' and the universal nature of the winter fuel allowance.
- 24 No major welfare reform announcements were included in the Queen's Speech, although the government re-confirmed its commitment to increase the National Living Wage faster than the increase in average wages, so that it reaches 60 percent of median earnings by 2020. After 2020, the National Living Wage will continue to be increased so that lower income workers benefit from the same improvements in earnings as the average worker.

Brexit

- 25 On 26 June 2017, the government published a policy paper on safeguarding the position of EU citizens living in the UK and UK nationals living in the EU. The paper outlined the

government's proposed approach to residency and entitlements to work, benefits and public services of EU citizens living in the UK.

- 26 In relation to benefits, pensions, healthcare, economic and other rights, the government proposed that EU citizens:
- (a) with settled status will continue to have access to UK benefits on the same basis as a comparable UK nationals;
 - (b) that do not have five years' residence and have temporary status on a pathway to settled status will continue to be able to access the same benefits as now (broadly equal access for workers/the self-employed and limited access for those not working).
- 27 The above is subject to the on-going negotiations with the EU over the terms of the UK's exit from the union.

Taylor Review

- 28 On 11 July 2017, the government published *Good work: the Taylor review of modern working practices*. The independent review undertaken by Matthew Taylor, chief executive of the Royal Society of Arts looked at how employment practices need to change in order to keep pace with modern business models, the implications of new forms of work (driven by digital platforms), for employee rights and responsibilities, employer freedoms and obligations, and employment regulatory frameworks.
- 29 The independent review was commissioned by government and in part responded to concerns about the growth of insecure and potentially low-paid work in the so-called 'gig economy', in which people are hired and paid for particular tasks or engagements, subject to demand.
- 30 Among its recommendations, the review called on government to:
- (a) promote a national strategy for work explicitly directed toward the goal of good work for all;
 - (b) provide additional protection and stronger incentives to firms to treat dependent contractors more fairly as they are the group most likely to suffer from unfair one-sided flexibility;
 - (c) use the National Living Wage as a powerful tool to raise the financial baseline of low paid workers, but also to encourage the development of sectoral strategies to ensure that people – particularly in low paid sectors – are not stuck at the living wage minimum or facing insecurity, but can progress in their current and future work.

Impacts on the county

- 31 The government's welfare changes are affecting people in the county however it is difficult to distinguish between changes resulting from welfare reforms and the continuing impact of wider economic trends associated with recovery from recession, all of which affect the underlying issues of poverty and wealth and the nature of child poverty.

Welfare Impacts

Tax Credits changes and trends¹

- 32 Since 2010 changes to tax credits have resulted in the poorest (for example, non-working) families with children generally receiving a little more support from tax credits than they otherwise would have, but families with higher income are receiving less (especially if they claim support for childcare costs). In this way, the changes mean that support has become more targeted at those with the lowest incomes, but at the expense of a weakening of work incentives. In practice this has meant a sharp reduction in the number of families claiming Child Tax Credit and/or working tax credit and a significant reduction in household income, if it is not replaced by earned income. The data on tax credits has not been updated since the last update to Cabinet, which identified a drop of over 20,000 in the total number of families claiming tax credits.
- 33 The impending wider roll out of Universal Credit will result in additional changes to the payment of tax credits being introduced which had been delayed by government in 2015. As claimants move onto Universal Credit from April 2017, government will reduce the taper rate at which benefits are withdrawn from people when they start work by two percent.
- 34 From April this year, the government has also introduced restrictions to the child element of Child Tax Credit and Universal Credit limiting this to a maximum of two children per family (for those on Universal Credit the changes are being introduced from November 2017). The changes mean that:
- (a) those with a child aged three or four years old will be subject to all-work related requirements;
 - (b) those with a child aged two will be subject to work-focused interview and work preparation requirements; and
 - (c) those with a child aged one should remain subject to work-focused interview requirements only.
- 35 The changes apply to families who become responsible for a child or children born on or after 6 April 2017.

Main out-of-work benefits

- 36 The number of people claiming the main out-of-work benefits in the county has also fallen since it peaked in 2009 as a result of the recession, with in excess of 56,600 claimants resident in the county. Numbers have steadily declined since and are now lower than at any other time in the last 17 years at 40,200² claimants. This reduction is partly the result of improving employment but has also been influenced by policy changes by DWP, such as Employment Support Allowance (ESA). The vast majority of claimants of these benefits will transfer to UC but it should be noted that some Job Seekers Allowance (JSA) and ESA claimants on contributory based benefits will remain outside of UC.

Claimant Count (DWP Experimental)

¹ HMRC - Personal tax credits: Finalised award statistics - geographical statistics 2014 to 2015

² Composite indicator comprising Main Out-of-Work Benefits plus on Universal Credit not in employment, from Nomis and Stat-Xplore

- 37 The claimant count figures measure the number of working age people claiming either Jobseekers Allowance (JSA) or Universal Credit (UC), with figures for the county including UC from September 2015³. These figures show that the number of claimants in the county has fallen from 14,825 in May 2014 to 8,140 in June 2017. Currently 2.5 percent of the working age population claim either JSA or UC in the county compared to 3.2 percent in the region and 1.9 percent nationally.

Employment Support Allowance/Incapacity Benefit (ESA/IB)⁴

- 38 In February 2014 the number of County Durham residents claiming ESA/IB fell to 27,600 claimants, the lowest number claiming sickness related benefits since comparable records began. The number of claimants then increased to 28,930 in November 2014 but fell back to 27,310 claimants in November 2016 (the most recent data). This might indicate people returning to sickness-related benefits in due course after being moved onto ESA following their work capability assessment.

Income Support

- 39 The number of people claiming income support in County Durham has decreased from a peak of 22,900 in 2003 to 7,400 in November 2016. These reductions have been brought about by a number of policy changes which include the introduction of child tax credit in April 2003, but more recently through reductions in the entitlement age of the youngest child for lone parents (decreasing from age 15 to age five years in four phases over four years) and equalisation of the state pension change. The biggest change however was brought about by the introduction of ESA. Many Income Support claimants also claimed Incapacity Benefit – a combination which is not permitted under ESA, which is means tested in a way similar to Income Based JSA.

Housing Benefit (HB)⁵

- 40 The number of working age HB claims in County Durham has not varied greatly since 2011. Numbers peaked in April 2013 at around 50,300 claims (21.5 percent of dwellings). Since then the gap between local and national housing benefit claims has widened slightly. The number of claims in the county in February 2017 was 46,400; 20.8 percent of dwellings, but nationally the rate dropped by 1.1 percentage points to 17.7 percent of dwellings.

Personal Independence Payment (PIP) and Disability Living Allowance (DLA)

- 41 Just before PIP was rolled out in 2013 there were around 23,100 people on DLA aged 16-64. Since then, this number has fallen, but not by as much as PIP has increased. The DLA caseload fell by over 7,200 with the corresponding PIP figure rising to 13,500, (November 2016). However the latest data shows over 17,400 people are now claiming PIP (April 2017).
- 42 Since September 2015 onwards, DLA claimants living in DH (Durham) postcodes have been contacted by DWP to be invited to apply for PIP 20 weeks before the claimant DLA entitlement ends. These transitional arrangements are planned to be completed by 2017,

³ DWP Claimant Count – Universal Credit and JSA claimants, introduced in County Durham in September 2015 for claimants who were single with no dependents, accessed via www.nomisweb.co.uk

⁴ DWP Benefits, Working age client group – ESA/IB/Income Support, accessed via www.nomisweb.co.uk

⁵ Housing Benefit trend stats, DWP stat-xplore, accessed via <https://stat-xplore.dwp.gov.uk/>

but it is not yet clear when DLA claimants in other parts of the county will be invited to claim.

- 43 Overall this means around 16,000 residents in County Durham currently on the DLA caseload are likely to move over to PIP over the next two years. The first independent review of the PIP assessment published in December 2014⁶ noted that the PIP assessment process “gives a disjointed experience for claimants” and that improvements are required in the short-term. As part of their evidence to the Independent Review, the Citizens Advice Bureau⁷ (CAB) reported serious delays in the end to end process with PIP, from making a claim to getting a decision.
- 44 Ministry of Justice statistics for tribunal appeals from October to December 2016⁸, identify that PIP accounted for 85 percent of all Social Security and Child Support (SSCS) appeals during the period. In October to December 2016, 46,230 SSCS appeal cases were disposed, up 24 percent when compared with the same period in 2015. Of these disposals, 39,696 (86 percent) were cleared at hearing and of these 63 percent were found in favour of the customer. The overturn rate varied by benefit type, with PIP having 65 percent in favour of the customer and DLA having 56 percent.

Removal of the Spare Room Subsidy

- 45 The total number of tenants under occupying as at April 2013 was 8,001. Over the years, this has decreased significantly to 6,476 in April 2017, a reduction over the four years of 1,525 households. As at April 2017, the number of under-occupiers (6,476) has reduced by 257 since April 2016.

Pension Credit

- 46 Local data on the take-up of Pension Credit is not available. However, nationally, in 2014/15 around six in ten of those entitled to claim Pension Credit actually claimed the benefit⁹. New data, compiled from an improved methodology is expected shortly

Benefit cap

- 47 The government announced further reductions to the Benefit Cap and these changes took effect from 7 November 2016, when the total amount a household could claim in benefits (outside London) would be capped at:
- (a) £384.62 a week for couples (with or without children living with them). This equates to £20,000 per annum, a £6,000 reduction per annum or £115.38 per week on the previous Cap level;

⁶ Gray, Paul, An Independent Review of the Personal Independence Payment Assessment, December 2014, https://www.citizensadvice.org.uk/Global/Migrated_Documents/corporate/citizens-advice-pip-first-independent-review-response.pdf

⁷ CAB, Response to Personal Independence Payment (PIP) Assessment – first Independent Review, September 2014, https://www.citizensadvice.org.uk/Global/Migrated_Documents/corporate/citizens-advice-pip-first-independent-review-response.pdf

⁸ Ministry of Justice, 9 March 2017, ‘Tribunals and Gender Recognition Statistics Quarterly, October to December 2016 (provisional)’, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/597905/tribunal-grc-statistics-q3-2016-2017.pdf

⁹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/535362/ir-benefits-take-up-main-report-2014-15.pdf

(b) £257.69 a week for single people, which equates to £13,400 per annum, a £4,800 reduction per annum or £92.31 per week on the previous Cap level.

- 48 Initial indications from DWP last year stated approximately 620 families may be affected in the county. The reduced cap came into effect on 9 January 2017 in County Durham and as at 3 July 2017 there were 260 active claims with a cap applied. The average amount benefits were capped by was £37.41 and there were 29 claims with a minimum 50p award.
- 49 To put this in context, the Joseph Rowntree Foundation's annual update on Minimum Income Standards (MIS)¹⁰, which is based on what members of the public think people need to achieve a socially acceptable living standard, suggests that income, particularly for households on out-of-work benefits, have fallen relative to living costs.
- 50 After a period of price stability, the cost of a minimum basket of goods and services rose in 2017, by between just under 3 percent to just over 4 percent depending on household type. The most significant price increases – above the average inflation rate – have been in bus and coach travel, motoring, household insurances and council tax.
- 51 In 2017, single people needed to earn at least £17,900 a year before tax to achieve MIS, and couples with two children at least £20,400 each.
- 52 Incomes on out-of-work benefits were frozen for out-of-work households, and therefore fell relative to living costs. For a single person they are now only just over a third of what is needed to reach the MIS level, and for families with children typically just over a half. In contrast, the minimum income guaranteed by Pension Credit for pensioners is only 3% below MIS.

DWP Sanctions¹¹

- 53 Following the introduction of new sanction rules in 2012, the number and rate of JSA sanctions increased sharply both at a national and a local level, peaking in the summer of 2014. The rate of increase in the county was greater than at national level.
- 54 Since then the number of sanctions has declined as the economy has improved and more people have entered employment. However, further detailed trend analysis of sanctions should be treated with caution as policy changes, such as the rollout of UC, can also impact these trends. The total number of sanctions in County Durham, across DWP programmes¹² since initial UC rollout in October 2015, was 9,377.
- 55 Over half of these decisions (56 percent) resulted in an adverse sanction decision. The proportion of adverse sanctions by individual DWP benefit however varies. Income Support had the highest proportion of adverse sanctions at 92 percent, but numbers sanctioned are relatively small compared to other programmes. 62 percent of UC sanction decisions were adverse - higher than JSA (53 percent) and ESA (29 percent).

Economic impacts

Employment trends

¹⁰ Joseph Rowntree Foundation 'A Minimum Income Standard for the UK in 2017'.

<https://www.jrf.org.uk/report/minimum-income-standard-uk-2017>

¹¹ DWP sanctions data available from stat-xplore.dwp.gov.uk

¹² Including sanctions for JSA, ESA, Income Support (since Oct 2016) UC (since Oct 2015)

- 56 Overall, the employment rate has been improving steadily in County Durham but remains significantly below national levels. Latest data show just over seven in ten of the working age population are in employment in County Durham (71.5 percent) compared to just under three-quarters nationally (74.3 percent).
- 57 The employment rate of younger people (16-24) has continued around the national average after recovering from a post-recession slump. The employment rate of older people (50-64) remains significantly below national levels. Furthermore, the employment rates of people with a disability are well below national levels. Latest data show over a third (38.3 percent) of County Durham residents with a disability are in employment compared with just over half nationally (52.1 percent).

Unemployment trends¹³

- 58 Unemployment levels have improved over the last three years. Latest data¹⁴ show 19,300 people were unemployed in the period between April 2016 and March 2017. This is equivalent to 7.7 percent of the 16-64 population, higher than the regional rate of 7.3 percent and the national rate of 4.9 percent. It should also be noted that unemployment remains higher than pre-recession levels (which averaged around 5.3 percent between 2004 and 2007).

Economic inactivity

- 59 Since 2004, levels of economic inactivity have been greater in County Durham than in England and Wales, with a slight downward trend over this period. Economically inactive people are defined as being outside of the labour market, as they are either not actively seeking work or are not currently available for work. This could be for a variety of reasons, commonly including being a full time student, retired from work (but not yet reached state pension age), looking after a family and being unable to work because of sickness or disability.
- 60 The latest data (Annual Population Survey extracted from NOMIS April 2016 to March 2017) show that the level of economic inactivity in the 16 to 64 population had fallen to 22.6 percent (73,100 people) from a 12 year peak in the mid-recession period of 29.5 percent (96,500 people, April 2009 to March 2010). Corresponding figures for the North East and England and Wales were 24.6 percent/27 percent and 21.9 percent/23.6 percent respectively.
- 61 Another aspect of this dataset is the difference between those people economically inactive who want a job and those who do not. In County Durham, three quarters of the economically inactive, (75.2 percent or 55,000 people) do not want a job. Although this is a fall from 84.9 percent in April 2004-March 2005 it is now slightly lower than the share across the region (76.2 percent) and nationally (76.3 percent).

Zero hours contracts

- 62 There is no single agreed definition of what 'zero-hours contracts' are. While some contracts are explicitly called zero-hours contracts, there are other definitions available and used in published statistics. The common element to the definitions is the lack of a

¹³ ONS Employment Rate aged 16-64, Annual Population Survey extracted from NOMIS, for the latest period April 2016 to March 2017. The unemployment rate differs in its calculation from Employment rate as the denominator used is the economically active population rather than the 16-64 population.

¹⁴ ONS, Annual Population Survey extracted from NOMIS, for the latest period April 2016 to March 2017

guaranteed minimum number of hours. This common element is used by the Office for National Statistics (ONS) in their business survey to estimate the number of 'zero hours' contracts in use with data being available from the national level down to the regional level.

- 63 The latest data from this survey covers the period April to June 2017 with comparison data from the previous year¹⁵. During this period 3.7 percent of people in employment in the North East were on 'zero hour' contracts totalling 45,000 contracts - a rise from 2.8 percent (34,000 contracts) from the previous year.
- 64 This data gives the North East the highest rate out of all English regions in April to June 2017 and is higher than the England rate of 2.8 percent (758,000 contracts) and the UK rate of 2.8 percent (883,000 contracts). However, nationally the percentage and number has fallen from 2.9 percent (768,000 contracts) in England and 2.9 percent (903,000 contracts) in the UK in the period April to June 2016.

Fuel poverty

- 65 The latest data release (for 2015) estimated that 13.3 percent of households (30,200 estimates households) in County Durham were experiencing fuel poverty. This was a slight increase from 13.0 percent in 2011, the same as the 13.3 percent estimated across the region and higher than the 11.0 percent estimated across England.
- 66 The county is ranked as having the 29th highest proportion of households experiencing fuel poverty out of 152 authorities in England in the dataset. Within the North East, County Durham is ranked fifth highest.
- 67 Residents living in the west of the county remain more likely to experience fuel poverty as they are less likely to be connected to the main gas network and have to rely on other forms of energy, (for example solid fuel, oil or bottle gas) to heat their homes and cook with.

Universal Credit

- 68 The Welfare Reform Act 2012 provided for the introduction of a new government benefit, Universal Credit (UC), for people of working age which replaces a number of welfare benefits and credits with one single monthly payment. The benefits to be replaced include: Housing Benefit; Income Support; Income based Job Seekers Allowance; Employment Support Allowance; Child tax Credit; and Working Tax Credit.
- 69 To manage the implementation of UC, the DWP has been running pilots for a number of years and has been undertaking an incremental approach to the national roll out of UC.
- 70 In its latest progress report on UC, the Public Accounts Committee (PAC), points out that in July 2016, DWP released a Written Ministerial Statement setting out further delays to the rollout of UC, pushing out its rollout of five jobcentres a month to July of next year, not February 2017, its previous 'latest' milestone. That postponement means the system cannot now be fully operational until a year after the last PAC published date for completion - March 2022, not March 2021.

15 ONS - People in employment on a zero-hours contract:
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/articles/contractsthatdonotguaranteeaminimumnumberofhours/mar2017>

- 71 Initially UC roll out was limited to new claims from single claimants who are fit to work, without children, and who can claim UC with or without housing costs (not mortgages) and have savings under £6,000. This 'live service' was introduced to the 10 jobcentre offices in County Durham in September 2015.
- 72 Currently in County Durham only new claimants, who are single and have no dependants can claim UC. The total number of UC claimants in County Durham currently stands at approximately 4,500.
- 73 The next stage of implementation is to move from the live service to the 'full service'. Full service is the model by which the DWP deliver UC to all new claimants with full concentration on digital methods. It will eventually apply to all current claimants of the 'legacy' benefits that 'UC' replaces at the point they migrate on to the UC system. Integral to this new system is:
- (a) the claimant commitment – which sets out the responsibilities and requirements placed upon claimants and the sanctions that will apply to them should their commitment not be met. Under UC those already in work will have to meet the 'in work conditionality' where they will be expected to increase their hours, take a second job or look for a different job with better pay such that their level earnings meet the 35 hours at national minimum wage threshold. Such 'in work conditionality' and sanctions are not a feature of the in work benefits that claimants can access such as Tax Credits and Housing Benefit;
 - (b) a single monthly payment to the individual, paid in arrears direct to their bank account, to replicate and prepare them for the world of work. Under UC claimants will need to have a bank account, be able to manage their finances, pay their own rent where this is included and budget accordingly;
 - (c) delivery partnership agreements – new arrangements will be put in place between DWP and local authorities and other stakeholders to support those who need extra help with budget planning and particularly with providing access to digital services.
- 74 As with the UC live service, the UC full service is a "digital by default" service, with claimants required to submit applications and manage their UC account online. The UC full service enables/requires the claimant to:
- (a) make their claim online;
 - (b) submit any change of circumstances;
 - (c) check on the live progress of their claim;
 - (d) contact their work coach within the DWP and arrange appointments.
- 75 The national rollout is scheduled to run from May 2016 to September 2018.
- 76 Unlike the roll out of UC live service, where this was managed on an authority by authority basis, with rollout simultaneously to all jobcentres in that authority area, UC full service is being rolled out jobcentre by jobcentre. This will mean that new claims made by residents will be affected at different times across the county depending on their postcode and the jobcentre they are linked to.

- 77 The 10 jobcentres in County Durham are scheduled to go live with the UC full service over a six month period between October 2017 and March 2018. However, some of our residents may go live on an earlier or later date if DWP have linked them to jobcentres outside of the County Durham boundary. Details of the phasing are shown in the table below:

Job Centre	Roll Out Date
Peterlee	October 2017
Seaham	October 2017
Bishop Auckland	December 2017
Consett	December 2017
Crook	December 2017
Stanley	December 2017
Chester-le-Street	March 2018
Durham	March 2018
Newton Aycliffe	March 2018
Spennymoor	March 2018

- 78 There are currently around 46,000 live Housing Benefit (HB) cases within County Durham, of which around 30,000 are working age cases that will be impacted by UC, either when they make a new claim or at migration of existing claims. The remaining cases are non-working age (pensioner claims) and these will remain in receipt of HB.
- 79 There are over 900 specified supported accommodation and around 3,400 HB cases where there are more than three children, which will be exempt from UC during the transition period. This leaves around 26,000 cases, which from October 2017 could be impacted by a move to UC if there is a relevant change in their circumstances.
- 80 However, it should be noted that because of the staged geographical approach combined with the transition being triggered by a claimant's change in circumstance, the number of people affected initially is likely to be much lower.
- 81 Using the experience of full service rollouts elsewhere combined with our caseload data we estimate that around 3,900 claimants (15 percent of the current working age caseload) will move on to UC following a relevant change in circumstance in the first six months of the full service implementation from October 2017.
- 82 The council has set up a working group which includes representatives from DWP, the voluntary sector, and housing providers to prepare for the introduction of UC full service.
- 83 The group is focussed on the following areas:

Access

- 84 The group is committed to helping our residents gain access to services by the internet and this will need to continue, with the need to ensure that this service is available, as far as possible through our libraries and Customer Access Points and possibly through other self-serve hubs to enable customers to make their on-line claim for UC.

Training and awareness raising

- 85 Training and awareness sessions will be undertaken to ensure that council staff and other key stakeholders are engaged, aware of and prepared for this change. All frontline services, e.g. Customer Services; Benefits; Libraries; AAPs; Welfare Rights; Employment Advisers; Social Workers will be included.
- 86 The Advice in County Durham Partnership has organised a Universal Credit Conference for 14 September 2017 to share insights, experience and information from full service areas that will allow managers and decision makers in key sectors to learn vital lessons in how to respond to these challenges.

Communications

- 87 A communications plan has been developed to ensure residents and key stakeholders within and outside of the local authority are made aware of these changes and issues that come with it, such as:
- the requirement of the claimant to have a bank account;
 - the fact that the UC payment is made monthly - meaning residents will need to budget;
 - the fact that the UC payment will include their housing benefit and they will be responsible for paying their landlord;
 - payments will be made four weeks in arrears;
 - the preference for online claims and the need for them to manage their claim.
- 88 The plan uses a variety of communication channels available, such as Durham County News, the website, fact sheets, our advice partners and local newspapers, as well as social media. Key partners including County Durham Partnership, housing providers, CAB, community and voluntary sector organisations, local charities and food banks are all involved.

Engagement with landlords and other stakeholders

- 89 Landlords have raised significant concerns at the prospect of losing direct payments of housing benefit for their tenants' rent payments. The government has responded to these concerns by allowing tenants to ask for their rent payments to be paid direct to their landlord, but only once they are identified that they are at risk of losing their home i.e. direct payments to landlords can be made if the tenant has two months' rent arrears or are being threatened with court action for eviction.
- 90 The engagement of this group will ensure they are provided with information and support on the UC programme and the potential impact on their businesses and tenants. Meetings will continue with both Registered Social Landlords and Private Landlords throughout the implementation of UC.
- 91 It is important that tenants get support to make their rent payments from their UC award by:
- helping them with opening up and managing a bank account;
 - setting up Standing Orders and Direct Debits;
 - assisting with requests for payments to be made to the landlord for a short period until the customer can manage their own finances.

- 92 Housing Solutions arranged an event for social landlords on 30 August 2017 at Peterlee Jobcentre Plus Office. Those providers affected by first and second roll out tranches were briefed on latest developments and shared information and best practice on the advice and support available to their tenants. A similar event for private landlords took place on 5 September 2017 in County Hall.
- 93 At the same time as claiming UC, customers will be encouraged to register for and participate in the Universal Jobmatch programme. The council will need to work with DWP to find opportunities to promote the Universal Jobmatch programme and support people back in to work where it can.
- 94 After the transition rollout is completed in September 2018 work will begin on the migration of existing benefit claimants to UC full service. There are no current plans for a replacement for pensioner HB, which accounts for around 34 percent of the HB caseload in Durham.

Response to date in the county

- 95 The council has taken a lead through a strategic and co-ordinated approach to the changes made to the welfare system to date, including how the funding available from government has been used to support people affected by the changes and those experiencing poverty. This has identified the benefit of joining up services across service groupings. In doing so, it has become apparent that alongside the welfare reform changes there are areas of work already being delivered which are complementary and collectively address the underlying issues around the county, such as the Warm up North scheme and the council's work on financial inclusion.
- 96 Area Action Partnerships have also moved to address welfare reform and poverty issues in their areas and local Members have also used the council's Neighbourhood Budgets to help reduce the impacts of the changes and issues of poverty in their local areas.
- 97 In recognition of the wider impact of the changes to welfare, the scope of the welfare reform policy work and the Welfare Reform Steering Group was broadened in 2014 to take a more comprehensive overview of poverty issues in the context of welfare reform.
- 98 The council's Poverty Action Steering Group (PASG) co-ordinates the delivery of a range of new and existing policy work which seeks to achieve a much broader understanding of the issues affecting residents, resulting from continuing changes to welfare and other issues which mean that residents can experience poverty.
- 99 On 21 October 2015, Cabinet considered an update on welfare reform and poverty issues and the progress made in responding to the changes to welfare and issues of poverty, and approved consultation on the council's Poverty Action Plan which focusses on the following themes:
- (a) Attitudes to poverty and raising its profile;
 - (b) Focus on child poverty;
 - (c) Credit and debt;
 - (d) Further welfare reform and benefit changes;
 - (e) Work and personal wellbeing and sense of worth.

- 100 The Poverty Action Steering Group considers regular monitoring reports in relation to the plan.

Attitudes to poverty and raising its profile through partnership with agencies and individuals with direct involvement in poverty

- 101 The council continues to work closely with the County Durham Partnership and other key partners to respond to the changes to welfare and poverty issues across the county.

Advice in County Durham Partnership

- 102 The council continues to take an active role in the Advice in County Durham Partnership by providing a permanent staffing resource and working with partners to help co-ordinate and develop capacity to provide welfare and poverty advice in the county.
- 103 The partnership seeks to bring together statutory and community and voluntary sector organisations under a 'no wrong' door approach, to improve the co-ordination of advice services and ensure agencies work together to support the needs of our communities.
- 104 The partnership held an 'Advice Week 2017' on 6–10 February 2017 and residents were invited to attend a range of events which provided the opportunity to deliver 'business as usual' advice together with four special multi-agency advice sessions. The multi-agency events involved 29 agencies across two events in East Durham and Stanley, and the partnership also hosted two collaborative days at CAB offices with the council's Welfare Rights Team, and Durham County Carers.
- 105 Feedback from the multi-agency sessions indicated that a potential £130,000 in extra income for those residents in attendance could potentially be generated if the residents followed through with their relevant benefit applications.
- 106 In addition, the partnership has organised the Universal Credit conference referred to in paragraph 86 above.

Area Action Partnerships

- 107 Since 2014/15 the council has provided an additional £10,000 funding to each AAP annually from the council's Welfare Assistance Scheme budget. This funding supports projects which focus on poverty/welfare type issues which are particularly relevant to each local community.
- 108 Relevant statutory and voluntary sector partners continue to support and advise the AAPs' task and finish groups to avoid duplication and ensure that projects developed locally complement and contribute to the other activities being delivered by the council and its partners.
- 109 This approach has resulted in the delivery of an additional 17 projects in 2016/17 that reflect the diversity of County Durham and have attracted £245,732 of match funding and supported 3,062 beneficiaries.
- 110 These projects were designed to tackle issues at a local level such as employability, food poverty, housing and social isolation. Projects included:
- (a) Chester-le-Street AAP – 10 apprenticeships created, seven of which are based in Chester-le-Street businesses;

- (b) 3 Towns AAP – 262 children and young people have benefited from the delivery of targeted holiday activity programmes to tackle food poverty;
 - (c) East Durham AAP – 350 residents living in private rented accommodation were supported by volunteers to help improve mental health issues linked to unemployment;
 - (d) East Durham Rural Corridor AAP – 41 residents (older persons and or adults with a disability) have accessed safe and secure transport to help them attend appointments and social activities to reduce levels of social isolation;
 - (e) Teesdale AAP – Teesdale Action Partnership (TAP) has funded an employability mentoring project, providing one-to-one support on accessing employment, training and volunteering opportunities; a sports apprenticeship programme; work skills training delivered in local venues (11 out of the 20 participants were able to find work immediately); a benefits signposting service delivered by the YMCA; outreach sessions delivered by Citizen’s Advice County Durham which have involved 46 home visits so far and help to generate additional benefit take-up of £176,000.
- 111 An additional £10,000 to each AAP has been provided for 2017/18 and all 14 AAPs have now held their 2017 AGMs and have again chosen a priority that is directly linked to one or more of the actions identified in the council’s poverty action plan.

Housing Providers

- 112 The Housing Welfare Reform Group, established in 2012 and consisting of the social landlords and representatives from the council’s Housing Solutions team continue to work together and share best practice to monitor and respond to welfare and poverty issues facing County Durham tenants.
- 113 The ‘triage’ process which was adopted in 2012 is still delivered by the group to help advise and support customers in achieving positive outcomes for their personal circumstances. These outcomes can include maximising income, addressing and resolving debt, and gaining employment.
- 114 There are currently four posts within the council’s Housing Solutions service whose role is to support tenants affected by welfare reform and poverty issues. These posts are funded up until March 2019 and the staff work in partnership with housing providers as well as proactively engaging and working with tenants in the private rented sector.
- 115 1,863 tenants have been supported by housing providers or the council’s Housing Solutions team during 2016/17 via the ‘triage’ process. In addition, the Housing Solutions team also carried out visits to 893 private rented tenants to help achieve positive outcomes and improve their personal circumstances.
- 116 Across all providers and private landlords, 2,172 DHP claims were made via the ‘triage’ process in 2016/17, resulting in 1,311 DHPs being awarded.
- 117 Priorities for the group for 2017/18 include: planning for the implementation of Universal Credit and further welfare changes; monitoring and understanding the impact on housing stock and demand; further development of the triage process; and coordination of financial assistance for tenants.

'Roots out of Poverty' Sessions

- 118 In order to develop the awareness and understanding of frontline staff such as housing workers, nurses and health visitors, the council's Housing Solutions, Economic Development, and Public Health teams working alongside Harrogate and District Foundation Trust, delivered eight 'Roots out of Poverty' sessions between February and April 2017 to 409 frontline staff across the county.
- 119 The sessions were very interactive and included a market place to promote and raise awareness of help available. Feedback from those attending the events has been very positive with 100 percent of participants stating that they were more aware of who and how to refer clients in poverty for help and assistance. As a result of the sessions, 70 people signed up to join a credit union.

Focus on child poverty

Child Poverty Working Group

- 120 As reported to Cabinet in January 2017, Children and Young People's Services has established a Child Poverty Working Group to undertake a detailed analysis and understanding of the data relating to child poverty in the county including the identification of gaps in our knowledge.
- 121 The working group is chaired by Margaret Whellans, Corporate Director of Children and Young People's Services with membership from across council services and key partner organisations. Its work is overseen by the PASG and it has now met four times.
- 122 The working group has agreed the Joseph Rowntree Foundation definition of poverty, 'When a person's resources are well below their minimum needs, including the need to take part in society'. The group agreed this definition describes not only monetary and resource poverty but also poverty of opportunity.
- 123 Dr Deborah Harrison, North East Child Poverty Commission has supported the group to formulate an approach to child poverty in County Durham in which three key strands have emerged:
- (a) Language and values associated with child poverty: this will focus on our attitudes and beliefs towards poverty and will involve the development of a shared language and a media strategy;
 - (b) Poverty management in communities linked to early help: this will focus on understanding County Durham's child poverty cohort, developing and implementing targeted, accessible support to families. This strand will also focus on the learning and development needs of frontline staff across the partnership to ensure they are confident to provide access to support to address poverty;
 - (c) Economic-inclusive growth approach: this will focus on the relationship between the Children and Families Partnership and the economic partnership and secondary school sector, to ensure major economic developments in the county are seen as key opportunities to provide local young people and adults with routes into jobs and apprenticeships, to reduce poverty.
- 124 The council's Child Poverty Working Group met in July to finalise proposals responding to the changes in legislation with respect to the changes in child poverty measurement. The

group noted that while the national child poverty targets had been abolished, the underlying data used to measure progress, drawn from the Households Below Average Income (HBAI) series¹⁶, will remain available. While this series does not provide local data, it does provide some useful insights about income trends at a regional level as the characteristics of families with low incomes. Where appropriate this information should be used.

- 125 The group also agreed to begin monitoring changes in child poverty using a new proxy indicator: the number of children entitled to free school meals (FSM) in County Durham.
- 126 The previous local child poverty measure was entirely based on administrative benefit counts which gave a precise measure of those on particular benefits and tax credits living under the poverty line. The data, however was not without its limitations, and was provided through the government's now defunct Child Poverty Unit with data sourced from DWP and HMRC.
- 127 Our initial comparison showed there was a strong correlation between the number of children in low income families and numbers of children eligible for FSM. In practice this simply means that where local child poverty levels are high there is a similarly high proportion of school children claiming free school meals.
- 128 It should be noted, however, that FSM data is a measure of a different population. It measures the number and proportion of children attending schools in County Durham in families with a low income as opposed to the previous measure which reflects all children resident in the county.
- 129 The distinction is key because FSM data excludes pre-school age children as well as those that attend a school in a neighbouring local authority. Previous data indicated levels of poverty amongst families with pre-school age children was higher than those with only older children. Also, it was noted that take-up rates of FSM amongst older children are relatively lower. Together these limiting factors mean both the number, and proportion, of FSM children are lower than the previous child poverty measure¹⁷.
- 130 Despite these drawbacks it was felt by the group that this data remains a useful proxy for child poverty data. In order to supplement FSM data the Child Poverty Group recommended further analysis of early years data to create an equivalent low-income proxy indicator for the two years plus pre-school age group. Work is underway to address this aim and data will begin to be reported when its quality has been fully assessed.
- 131 Data from the School Census show around 13,500 (19 percent) of school children in County Durham are eligible for free school meals. This is higher than the equivalent proportion for the North East as a whole (18 percent) and higher than the England average (14 percent).
- 132 The Child Poverty Group also agreed to monitor the 'Life Chances' measures set out in the Welfare Reform and Work Act 2016. All relevant child poverty measures are set out

¹⁶ The Households Below Average Income (HBAI) is produced using data from the Family Resources Survey (FRS) commissioned by the Department of Works and Pensions (DWP). The HBAI measure is considered to be a good indicator as it takes into account family's equivalised income over a full financial year. This data series is the only source of comprehensive trends detailing child poverty of all families, including working households. However, HBAI data are survey based, consequently, sample sizes are insufficient for useful analysis at a local level. Therefore, data is only available at a national level with some analysis by region.

¹⁷ 20,875 children (23.9 percent) aged under 16 were found to be living in poverty compared to around 13,000 children (19 percent) claiming FSM.

below. However, the indicator reflecting proportion of children in workless households is not reliable at a local authority level because of reduced sample size and results should be treated with caution.

Educational attainment gap at the End of Key Stage 4 – Life Chances Act measure

- 133 The average Attainment 8 score of FSM pupils in County Durham was 38.5, 12.7 points below the average score for non-FSM pupils. This gap is slightly larger than the equivalent national gap for England at 12.6 points. Because this is a new indicator, results for earlier years are not available.

Children in Workless Households – Life Chances Act measure

- 134 The second Life Chances Act measure reflects the number of children in workless households. For these purposes a workless household is one where no-one aged 16 or over is in employment and may be unemployed or economically inactive. Economically inactive members may be unavailable to work because of family commitments, retirement or study, or unable to work through sickness or disability. Nationally, latest data (for 2016) shows that 11.4 percent of children live in workless households, the lowest recorded figure for this data series, down from a peak of 16.6 percent in 2010. Regionally, more children live in workless households (15.4 percent in the North East), again the lowest on record, down from a peak of 21.5 percent in 2011.

Households Below Average Income (HBAI) series¹⁸

- 135 Regional data from the Households Below Average Income (HBAI) series is published as a rolling three year average. Latest data for 2013/14-2015/16 show that in the North East, 20 percent of children (around 100,000) live in households with relative low income (BHC)¹⁹. Child poverty rates in the region have remained above national levels since the mid-1990s, however the gap has narrowed over the last 10 years from nine percent in 2003/04 to two percent in 2013/14-2015/16. The narrowing of the gap is mainly due to a relatively larger decline in the regional poverty level.
- 136 However, it should be noted that poverty remains a significant issue for many families. Nationally, in 2015-16, around 2.7 million children live in families with a relatively low income²⁰, two thirds of whom live in a family where at least one adult is in work. In-work child poverty is not reflected in the new Life Chances measures.

30 Hours Free Child Care

- 137 To help parents into work the government has introduced 30 hours free child care for three and four year olds.
- 138 Eligibility is linked to earnings with a minimum requirement that you earn more than the equivalent of 16 hours per week at the national minimum wage or living wage and less than £100,000 per year. This earnings limit does not apply if you are self-employed and

¹⁸ The Households Below Average Income (HBAI) is produced using data from the Family Resources Survey (FRS) commissioned by the Department of Works and Pensions (DWP). The HBAI measure is considered to be a good indicator as it takes into account family's equivalised income over a full financial year. This data series is the only source of comprehensive trends detailing child poverty of all families, including working households. However, HBAI data are survey based, consequently, sample sizes are insufficient for useful analysis at a local level. Therefore, data is only available at a national level with some analysis by region.

¹⁹ Using the 60% of contemporary median equivalised income threshold, HBAI 2015-16

²⁰ Using the 60% of contemporary median equivalised income threshold, HBAI 2015-16

started your business less than 12 months ago from the date of application. The free childcare is not available if the child is your foster child.

- 139 HMRC has reported that 1,983 parents in County Durham have successfully been awarded access to the 30 hours free childcare entitlement. County Durham is classed as a 'high performing' local authority - ranked 18th out of 152 local authorities in the league table.
- 140 1,400 parents have approached schools, settings and childminders to secure a place for their child and work is continuing to develop places across the authority so that there are sufficient flexible places across County Durham and schools and day care providers have been supported with funding for small scale improvements in order to develop additional places.

Credit and debt

Council Tax Reduction Scheme

- 141 Through our Local Council Tax Reduction Scheme, the council continues to protect economically vulnerable working age people from the 10 percent national cut which was made to Council Tax Support. This scheme has been extended for a further year into 2017/18 in order to maintain the same level of benefit support provided before the scheme was changed in 2013, providing valuable support to many in need.
- 142 On 13 July 2017 Cabinet considered a report which proposed continuing the scheme for a further year into 2018/2019 and extending the policy to provide additional support for care leavers.

Fuel poverty

- 143 The Poverty Action Steering Group has recently agreed to fund a dedicated qualified Home Energy Advisor post who will deliver countywide home visits (energy MOT) and provide information around energy efficiency, understanding energy bills, and income assessment and changing energy supplier or tariff to make savings etc.
- 144 The post was originally part of the Managing Money Better (MMB) project which up until 28 February was part funded by Comic Relief and local partner organisations: Prince Bishops Community Bank (PBCB); Derwentside Homes; Durham City Homes; and Mid Durham Area Action Partnership.
- 145 The PASG gave initial agreement to provide funding (maximum of £120,000) from the Welfare Assistance Scheme budget to allow the provision of one qualified Home Energy Advisor to continue for a further three years, and match funding arrangements are being explored.
- 146 This service accepts referrals from local/partner organisations and the council's Housing Solutions team refer all their customers requiring energy advice/support to this service, including those identified through the dedicated welfare reform work. This service is being used by customers from all tenure groups.

Under occupancy charge

- 147 While the total number of tenants under occupying as at April 2013 was 8,001, there have been no evictions where the rent arrears were as a result of the under-occupancy charge

only. In part this is due to the proactive support and intervention the council and its partners have provided and protocols including 'triage' remain in place to intervene and assist tenants to prevent eviction.

Discretionary Housing Payments (DHP)

- 148 The council continues to use its DHP policy to help meet the housing costs of those tenants who have a shortfall in housing benefit.
- 149 In 2016/17 the council made 1,109 DHP awards and a further 213 awards have been made this year up to 16 July 2017. In total, over 6,200 DHP awards have helped tenants with their housing costs since 1 April 2013.
- 150 The council's DHP grant from DWP for 2016/17 was £1,186,639 with an additional £30,014 carried forward from the earmarked reserve that was available if required. It was initially expected that the council would overspend this budget by over £330,000 as reported to Council in January 2017. However, the actual overspend was £118,140 which was met from the council's Welfare Assistance Scheme budget.
- 151 The DHP grant from the Department for Work and Pensions (DWP) for 2017/18 is £1,300,793, a year on year increase of £114,154, circa 9.62 percent. A calculation has been carried out to project the likely spend in 2017/18 based on the actual caseload up to 1 June 2017. Early indications for 2017/18 shows a potential small overspend.
- 152 The DHP policy and spend will continue to be monitored during 2017/18 and regular detailed forecasts will be presented to the PASG.

Welfare Assistance Scheme

- 153 The council continues to provide an annual budget of £860,000 for the council's Welfare Assistance Scheme which helps County Durham residents with short term support, or helps them to live on their own. Over 1,300 awards were made in 2016/17 with a total spend of just under £475,000.
- 154 £500,000 of the 2016/17 budget was transferred to the council's employment and employability initiatives scheme and £140,000 to AAPs for welfare/poverty related projects. The DHP over spend of £118,140 was also taken from the Welfare Assistance Scheme budget. The over spend on the Welfare Assistance Scheme budget in 2016/17 came from funds which have been carried forward from under spends from previous years.
- 155 Agreement has been given by the PASG to grant the AAPs a further £10,000 for 2017/18, from the WAS budget for welfare/poverty related projects.
- 156 As at 31 July 2017, the council has awarded 183 Daily Living Expense awards and 88 Settlement Grant awards, totalling over £96,000.
- 157 The scheme is currently being reviewed and should it be decided to make any changes, these will initially be discussed at the Poverty Action Steering Group before proposals are brought forward for Members to consider.

Financial Inclusion

- 158 Various initiatives continue to be delivered with local credit unions to help promote and raise awareness to residents of the dangers of 'door step' lenders or 'pay day loans' and the alternatives available. Recent developments include a successful external funding bid (£5,000) to support NEFirst Credit Union to become new main sponsor for Bishop Auckland Football Club with targeted activity across the season in all areas where the team plays.
- 159 The Durham Savers project funded by AAPs continues to raise the profile of the credit unions, and further funding opportunities are currently being explored to consolidate and expand the project from a further three AAPs. Over 500 staff were trained on credit union information through the 'Roots out of Poverty' sessions and savings and loans with credit unions have passed £1 million.
- 160 The Durham Savers project has also targeted the Aycliffe Business Park with the support of Business Durham and the Better Health at Work Award staff to further engage local businesses. So far 58 businesses are currently engaging with the project.

Foodbanks

- 161 The Trussell Trust Foodbanks in County Durham have reported providing enough food in 2016/17 to give 16,577 people three days' supply (approximate value £195,000) and 3,803 fuel vouchers (value £154,000) which helped 8,115 people. The Trust estimates that approximately 10,000 unique individuals benefited from the foodbank during the year.

Further welfare reform and benefit changes

Local Housing Allowance cap on supported and sheltered housing

- 162 In September 2016 the government announced details of its proposed model for future funding. The new system is planned to be implemented from 2019 and the Local Housing Allowance (LHA) cap will not apply to supported and sheltered housing until then. Following a national government consultation earlier this year, further guidance on the new proposed model to fund supported housing is awaited. The Local Housing Allowance cap on general needs housing in the social rented sector will be introduced in April 2019 and this will apply to those tenancies awarded from April 2016.

Universal Credit

- 163 As outlined above, a dedicated working group has been established to support the implementation of the UC full service which is to be introduced into County Durham from next month.

Work, increasing employability, personal wellbeing and sense of worth

Employment and employability initiatives

- 164 This programme of support was introduced in August 2014 with the overall aim to support individuals affected by welfare reform and either support them into becoming closer to the employment market or to assist those who would like to explore self-employment as a route to improving their life chances and achieving a positive outcome.
- 165 £500,000 was allocated from the Welfare Assistance Scheme budget and a further £500,000 was also allocated in April 2016 to allow the scheme to continue.

- 166 Since April 2016 a total of 475 individuals have accessed employment through the second phase of the employment service. The second phase for the self-employment programme commenced in January 2017 and so far eight individuals have set up businesses.

DurhamWorks

- 167 The DurhamWorks Programme continues to be delivered, with a target to engage 5,830 16-24 year old unemployed young people by July 2018. Over 3,000 young people have been registered with DurhamWorks to date with 12 months of the programme still to run. The council element, delivered through a contract with Regeneration and Local Services has engaged with over 1,300 young people (18-24) to date, with just over 600 having moved into employment or further education.

Apprenticeships

- 168 The County Durham Apprenticeship Programme has been suspended pending a review of the Levy and early results and perceptions. Over 1,000 young people have been supported into apprenticeships since inception in November 2011.

Mentoring and Brokerage Service

- 169 The 'Mentoring and Brokerage Service' provides help with job-hunts, CVs and applications to residents living in the south Durham AAP areas. This has now been extended into Chester-le-Street, Mid-Durham, East Durham, Teesdale and BASH AAP areas with ongoing discussions in terms of AAP involvement and links to potential Community Led Local Development funding. Targets for each area are to engage with 100-120 unemployed residents and to support at 40-45 percent into employment/placements during a 12 month period.

Next Steps

- 170 The Poverty Action Steering Group keeps the Poverty Action Plan under review so that the council and partners are able to respond to changing policy circumstances and needs in the county.
- 171 As outlined above, additional action is being taken in relation to the rollout of UC full service and the Child Poverty Working Group is developing a strategic approach based on evidence-based research and monitoring.
- 172 The council's Welfare Assistance Scheme (WAS) is being reviewed to ensure that it continues to be effective and addresses changing needs in the county. In addition, it is proposed to continue to use an element of WAS funding to continue to support employment and employability initiatives which have proved effective in supporting individuals to improve their own circumstances.
- 173 The council also intends to maintain its partnership-based approach to this work and through the Poverty Action Steering Group will continue to work with local partners to research, monitor and review the impacts and responses to poverty and welfare reform in the county.

Conclusion

- 174 The government intends to continue with its programme of welfare reform with new proposals and measures being introduced on top of existing reforms which are impacting on people in the county.
- 175 However it is difficult to distinguish between changes resulting from welfare reforms and the continuing impact of wider economic trends associated with recovery from recession all of which affect income, wealth and poverty and the nature of child poverty. For example two thirds of children in poverty are in working households.
- 176 Since the welfare reforms commenced in 2011, the council and its partners have experienced increases in demand for welfare-related services, including advice and assistance, applications for Discretionary Housing Payments and Welfare Assistance, foodbank and charity referrals and personal financial action planning.
- 177 It is therefore vital for the council to continue to develop its partnership-based approach to understanding and tackling poverty and welfare related issues in particular those which impact on children and young people.

Recommendations

- 178 Members are recommended to note and comment on the contents of this report and the progress being made by the council and its partners in addressing welfare reform and the wider poverty issues in the county.

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Background papers

Cabinet Report, Welfare reform and poverty issues – 21 October 2015

Cabinet Report, Employment and Employability Initiatives – 18 June 2016

Cabinet Report, Welfare reform and poverty issues – 18 January 2017

Appendix 1: Implications

Finance – It is expected that the £1,300,793 DHP grant allocation for 2017/18 will be fully expended, with the potential for a small overspend which would be funded from the Welfare Assistance Scheme budget, if required.

Staffing – There are no new staffing implications contained within the report.

Risk – N/A

Equality and Diversity / Public Sector Equality Duty – The council's Welfare Assistance Scheme and Discretionary Housing Payments policy have been subject to equality impact assessments where appropriate.

Accommodation – N/A

Crime and Disorder – N/A

Human Rights – N/A

Consultation – The Poverty Action Plan was informed by feedback following consultation events at the Poverty and the Work Place Conference and the Health and Wellbeing Board's 'Big Tent Event'.

Procurement – N/A

Disability Issues – N/A

Legal Implications – N/A