

Overview and Scrutiny Management Board

20 October 2014

Cabinet

15 October 2014

Welfare Reform Update



Report of Corporate Management Team

Lorraine O'Donnell, Assistant Chief Executive

Don McLure, Corporate Director, Resources

Ian Thompson, Corporate Director, Regeneration and Economic Development

Councillor Simon Henig, Leader of the Council

Councillor Alan Napier, Deputy Leader and Cabinet Portfolio Holder for Finance and

Councillor Eddie Tomlinson, Cabinet Portfolio Holder for Housing and Rural Issues

Purpose of the Report

- 1 The purpose of this report is to provide Members with an update on welfare reform and its impacts on the county and to outline proposals to extend the work to encompass a wider remit looking at poverty in the county.

Background

- 2 Welfare reform has been a major element of the Coalition programme for government since 2010. The government believes that by amending the welfare system it will be able to encourage more people back into work, reducing dependency on welfare and achieving over £15 billion savings per year by 2015/16. Over 40 changes have or are being made to the benefits system, mainly under the Welfare Reform Act 2011, and the scale of change has been described as the most significant for over a generation.
- 3 Of the major changes proposed, the following have been implemented so far:
 - Localisation of Council Tax Support;
 - Restricting housing benefit payments due to 'under occupancy';
 - Applying a 'benefit cap' to any household receiving more than £500 a week in benefit;

- Introduction of Personal Independence Payments (PIP) for new claimants and some existing Disability Living Allowance (DLA) claimants.
- 4 The government has now confirmed that the flagship policy change of Universal Credit which will bring together six existing benefits into a new single payment having been delayed will now be rolled out nationally from early 2015. It is possible however that the council will encounter some Universal Credit claimants before that date, as individuals may move to the county from pilot areas where the new single payment has already been introduced.
 - 5 No overall figures are available for the UK on how many people are affected by all of the changes brought forward by the Welfare Reform Act 2011. However, within County Durham we still estimate that approximately 95,000 households will be affected by one or more of the welfare reforms.
 - 6 Members have received a number of regular update reports on welfare reform, the most recent being on 12 February 2014.

Policy update

Welfare spending

- 7 Since the last report to Members, the government has set the cap for total welfare spending at £119 billion for 2015-16, rising in line with inflation to £127 billion in 2018-19. The cap is in line with current welfare expenditure in 2014/15 and includes child benefit, incapacity benefit, winter fuel payment and income support, but does not include state pension and Jobseeker's Allowance.
- 8 More recently both the Labour and Conservative Party have announced freezing some welfare payments if they are elected into government at the next general election.
- 9 In line with the Welfare Benefits Up-rating Act 2013, any change to the overall cap would be subject to a parliamentary approval.

Universal Credit

- 10 In relation to Universal Credit (UC), government has confirmed that the national roll out of the scheme will begin early in 2015 for single claimants previously eligible for Jobseekers Allowance. Alongside this they have announced details of how they will be developing local partnerships primarily between the Department for Works and Pensions (DWP) and local authorities which will support the implementation programme. These partnerships will be known as 'Universal Support'. DWP will also put in place Delivery Partnership Agreements between Jobcentre Plus and local authorities to provide funding for those who need extra help.
- 11 A key questions and answers guide developed from the experience of the local authority-led pilots has been published. The document covers the experience and learning from the pilot areas, and identifies areas of learning which other authorities can use in implementing UC. Key outcomes include: ensuring that there is better integration of services to help provide better

customer services and partnership working; and making sure frontline staff have knowledge, skills and understanding to help in any triage process.

- 12 The DWP has also had to begin an investigation into the Universal Job match site, after concerns were raised that in the region of 300,000 jobs on the site may be fake.

Benefit cap

- 13 A legal appeal brought by two lone parent families to the benefit cap was dismissed by the Court of Appeal in February. The court in making its judgement, stated that the government's policy discriminates against women, but that the discrimination was justified because it reflects the political judgement of the government. The court of appeal also made reference to the implementation and described as a 'matter of concern' the government's delay in addressing problems with the cap's application to women's refuges.
- 14 However, at the start of March 2014, the DWP brought proposals to the Social Security Advisory Committee for a number of amendments which would exclude benefit paid to cover housing costs in most supported housing from being taken into account for the household benefit cap or being met via the Universal Credit rent element. The proposals would create four categories of accommodation which would be excluded including women's refuges and some housing authority hostels.

Personal Independence Payments

- 15 Concerns have also been expressed about to the new Personal Independence Payment (PIP) system. The House of Commons Work and Pensions Committee in its report 'Monitoring the Performance of the Department for Work and Pensions in 2012-13' found that the length of time that disabled people were having to wait to find out if they were eligible for benefits was unacceptable, with some claimants having to wait six months for their claim to be processed. The report makes a number of recommendations including that the DWP needs to clear the backlog of existing PIP claims before extending the programme of reassessment of existing DLA claimants.
- 16 As part of the first independent review of PIP, the DWP held a recent call for evidence to which the council submitted a response. This is the first independent review as required by Section 89 of the Welfare Reform Act 2012.

Social housing and spare room subsidy

- 17 There have been a number of developments in relation to social housing and the spare room subsidy. The government has released the 'Prevention of Social Housing Fraud (Power to require information)' regulations. These regulations make it a criminal offence for sub-letting or parting with possession without permission of social housing. The regulations also enable local authorities to require information from private sector bodies when undertaking a social housing fraud investigation, in a similar manner to the powers they have when undertaking social security fraud investigations.
- 18 In addition, the Department of Communities and Local Government has published research into the mutual exchange scheme. Their research in 12

demonstration areas has concluded that the take up of the scheme was enhanced when there were specific housing officers employed to promote and support the scheme. However, they have little evidence of the impact that increased mobility may have on reducing welfare payments and meeting people's housing needs.

- 19 In January 2014, the government identified an error in Housing Benefit regulations which meant that working age social housing tenants who have occupied the same home since 1996 and remained on continuous housing benefit should not have been affected by the policy in 2013/14. The DWP has now closed the loophole and local authorities are checking records and processing benefit payments to individuals who may have had their housing benefit reduced due to the under occupancy charge in 2013/14. In the county, the council worked with its housing providers and identified 1,454 potential cases where the under occupancy charge may have been applied. All cases were reviewed as a matter of priority and we successfully awarded additional Housing Benefit to 491 tenants totaling £278,000.
- 20 On 2 July 2014, Andrew George MP presented a private member's bill to Parliament, entitled the Affordable Homes Bill. In part, the bill aims to introduce three new exemptions to the application of the under-occupation deduction from Housing Benefit (or the housing element of Universal Credit) for claimants who are deemed to be under-occupying their social rented homes. These include exemptions for people who could not be found a smaller home; disabled people who need a spare bedroom; or who have adapted homes.
- 21 National evidence to date on the impact of the spare room subsidy has been mixed. One investigation with social housing providers concluded that only six per cent of the social housing tenants affected by the spare room subsidy moved home, with 28 per cent of tenants falling into rent arrears since the changes were introduced. Whereas other feedback has suggested that there was an "indiscernible number" of tenants in arrears.
- 22 On 5 September 2014, the bill received its second reading and was voted through for detailed scrutiny at the committee stage.
- 23 Several Housing Benefit and Social Housing circulars have been published. The key circulars have included the 'HB S2/2014' which has provided information on the additional funding which will be made available to local authorities to meet the additional costs of implementing welfare reform change in 2014/15. The council has been allocated £187,850 in addition to £281,186 received in 2013/14 to meet the new burdens arising from the changes to local housing allowance, removal of spare room subsidy and the benefit cap. The note highlights that extra funding will be distributed to meet the IT costs associated with reporting and to meet the costs of removal of HB to European Economic Area jobseekers. The council also received an additional £20,000 in September 2014 to meet the additional administration costs of dealing with 'persons from abroad'.
- 24 On 10 September 2014, the government issued a consultation on 'right to move' to help social tenants move to another area to take up work. It proposes to introduce new rules that would ensure local residency

requirements do not prevent social tenants from moving into the area to take up work or training opportunities.

- 25 Social tenants relocating for work would be given greater priority, either by creating a new 'reasonable preference' category – used by councils to prioritise people for social housing – or through strengthened statutory guidance to ensure local authorities apply the existing 'hardship' reasonable preference category to include people moving for work or training.
- 26 Further proposed new statutory guidance will also ensure that every council in England would have to set aside at least one per cent of lets for tenants who need to move because of work or training (those that opt not to do so would need to explain why to voters).
- 27 Ministers also advised that later this year, the government intends to launch a new fund to help a number of councils to trial new and innovative ways of helping people looking to move for work in their area.

Localisation of Council Tax Support

- 28 In January 2014, the Institute of Fiscal Studies reported that the 10 per cent cut in national budget for Council Tax prior to localisation, caused 80 per cent of English councils to reduce entitlements to council tax support, resulting in many residents having to pay council tax for the first time. With local authorities obliged to protect pensioners, entitlements were reduced for 2.5 million working age households, by an average of £160 in 2013–14. Citizens Advice Bureaux (CAB) reported average increases of 30 to 40 per cent, in the number of people seeking advice from about council tax debt in July–September 2013.
- 29 On 11 March 2014, the Public Accounts Committee published its report on Council Tax Support following the 10 per cent reduction in the national budget and the localisation of council tax support in 2013/14. The committee concluded that although authorities differed in how much of the funding reduction they passed to claimants, many had cut entitlements and had not made the savings hoped for by ministers.
- 30 Around 230 local authorities had introduced schemes which required claimants to pay minimum council tax payments and of these, 133 local authorities offered no protection to vulnerable groups, other than pensioners and war pensioners.
- 31 The committee highlighted that whilst the reform was intended to increase incentives to encourage people into work, in 19 areas, people could lose more of their earnings as a result of income tax and national insurance contributions combined with the withdrawal of Council Tax Benefit and Housing Benefit.
- 32 The committee consequently called on the government to improve its understanding of the impact of benefit cuts when introduced alongside other funding reductions, such as cuts in town hall spending.
- 33 The government responded by reiterating its current approach to assessing the impact of welfare and benefit changes through joint work and impact

assessments through the Department for Communities and Local Government and DWP.

Entitlements for migrants

- 34 In July 2014 the government announced plans to halve the period over which European migrants can claim benefits. From November, European jobseekers will only be able to claim Jobseekers Allowance and other key welfare benefits for a maximum period of three months. This follows changes that were announced earlier this year to introduce a minimum three month delay to claiming benefits and to cut off benefits after six months unless the individual has very clear job prospects.

Support with childcare costs

- 35 From autumn 2015 the government will provide 20 per cent support on childcare costs up to £10,000 per year for each child. The limit had previously been set at £6,000. This now means support of up to £2,000 per child per year. Tax-Free Childcare will be open to more than twice as many families as currently use Employer Supported Childcare (ESC) vouchers and, unlike ESC, will not depend on employers offering it. In addition to giving support to the self-employed, the scheme has been adjusted to ensure those working part-time, earning £50 per week and above, those on maternity, paternity or adoption leave and those starting their own business who may not meet the minimum earning requirement will be included, giving them government help with childcare costs for the first time.
- 36 The scheme will be introduced more quickly than previously announced so that all working parents with children under 12 will be covered within the first year from autumn 2015. This is significantly faster than initially proposed, where children under 12 would have gradually qualified for the scheme over a seven year period.
- 37 Following consultation in 2013, the government also announced in March 2014 that all families in Universal Credit will be able to receive 85 per cent support on childcare costs, up from 70 per cent. In line with the principles of the welfare cap, offsetting savings to fund this expansion will be found from within the Universal Credit programme. Further details will be set out in Autumn Statement, which is expected at the beginning of December.

Troubled Families

- 38 On 19 August 2014, the government announced that its Troubled Families programme is to be expanded.
- 39 Work will begin this year in 51 of the best performing areas, including County Durham, ahead of a national five year programme from 2015 to help more troubled families.
- 40 While the programme will continue to tackle truancy and prioritise getting adults into work, the programme will be expanded to work with children under 5 as well as school-age children and will also have a particular focus on improving poor health including mental health and helping a larger group of families with a wider set of problems including domestic violence, debt and children at risk of being taken into care.

Tackling poverty

- 41 Supporting childcare and troubled families are components in the government's approach to tackling poverty, which focuses primarily on supporting and encouraging people into work, such that they are able to provide for themselves.
- 42 The Prime Minister also announced in August, a new family test on all government policies will be formally introduced into impact assessments from this autumn, with every single domestic policy examined for its impact on the family. Policies that fail to support family life will not be allowed to proceed.
- 43 On 26 June 2014, the government published a refresh of its child poverty strategy, together with an action plan for the period 2014-17, following consultation earlier in the year.
- 44 In the strategy, the government reiterated its goal of ending child poverty in the UK by 2020, by focusing on supporting families into work and increasing their earnings; improving living standards; and preventing poor children becoming poor adults through raising their educational attainment.
- 45 Between 2014-17, it committed to support families into work and increase earnings by:
- a) creating jobs and supporting families into work;
 - b) making work pay, through welfare reform and tackling low pay;
 - c) helping people move on to better jobs that pay more;
 - d) improving the qualifications of parents through adult Apprenticeships, investing in English and maths and helping parents through the National Careers Service;
 - e) tailored support for one-parent families to overcome the barriers to work they face, including additional support through Universal Credit, bespoke support from employment services and ensuring they begin getting ready for work when their youngest child turns three;
 - f) ensuring parents of larger families know how much better off they would be in work or working more hours, encouraging flexible working so that parents of larger families can find and progress in jobs that suit their needs and those of their family and working to raise basic skill levels of parents of larger families;
 - g) helping poor parents with health conditions to work by providing tailored support as set out in our Disability and Health Employment Strategy, putting in place clearer, more flexible benefit rules, support for employers to employ parents with health conditions, and help for parents who experience mental health issues.
- 46 In relation to improving living standards of low-income families, the government committed to:

- h) continuing to provide a welfare safety net for those families who cannot work;
- i) reducing energy bills through the Warm Home Discount and making homes more energy efficient;
- j) reducing water costs by capping the bills of low-income families with three or more children on a water meter and promoting social tariffs that provide cheaper water for low-income families;
- k) providing Healthy Start Vouchers for young children in low-income families, free school meals for all infant school pupils, breakfast clubs in deprived areas, and free fruit and vegetables at school for children aged four to six;
- l) reducing transport costs for low-income families through free home to school transport, limiting rail fare increases, introducing more flexible rail tickets, and keeping the price of petrol down through freezing fuel duty since 2011;
- m) tackling rising housing costs by increasing the supply of new housing and affordable housing;
- n) increasing access to affordable credit through investing in expanding credit unions and protecting consumers by cracking down on payday lending, including by legislating to impose a cap on the cost of credit;
- o) tackling problem debt through working with the Money Advice Service and safeguarding the transition to Universal Credit by offering support to manage the changes via the Local Support Services Framework.

47 In relation to education, the government committed to:

- p) continuing to raise educational attainment through increasing the number of poor children in high quality pre-school education with 15 hours free childcare for all three and four year olds and for two year olds from low income families, getting better qualified staff in pre-school settings and having a simpler early years curriculum;
- q) introducing an Early Years Pupil Premium to help ensure three and four year olds from the most disadvantaged backgrounds get the best start in life;
- r) ensuring poor children do better at school by giving disadvantaged pupils an additional £14,000 throughout their school career through the Pupil Premium;
- s) put in place targeted support for poor children who fall behind, with £500 per child who is behind at age 11 and summer schools to prepare poor children for secondary school;
- t) supporting poor children to stay in education post-16 to get the right skills and qualifications and helping them to move into work through

- “on the job” training, apprenticeships, traineeships, and better careers advice;
- u) helping parents provide the best possible home environment by supporting parenting classes and providing free books to poor families;
 - v) supporting schools in the different ways they choose to develop and build character, including getting more cadet forces into state schools;
 - w) helping parents who experience mental health issues (including through the expanded health visitor service), investing in drug and alcohol dependency treatment and supporting young carers;
 - x) increasing support for children with Special Educational Needs through the reforms introduced by the Children and Families Act 2014 and the new SEN & Disability Code of Practice;
 - y) reiterating our commitment to improved health outcomes through the Government’s Better health outcomes for children and young people pledge.
- 48 On 21 July 2014, the government published *Cutting the costs of keeping warm*, a consultation document to help develop a new fuel poverty strategy for England.
- 49 Under Section 1A of the Warm Homes and Energy Conservation Act 2000, the government is required to set a fuel poverty target. Alongside the consultation document, the government published the Fuel Poverty (England) Regulations 2014, which would create in law a new fuel poverty target of ensuring that as many fuel poor homes as is reasonably practicable achieve a minimum energy efficiency standard of Band C by 2030.
- 50 Currently just 4 per cent of fuel poor households in England have an energy efficiency rating of Band C and above, compared to around 18 per cent across all households. Around 36 per cent of fuel poor homes are D rated, almost a half (46 per cent) are E rated, with the remaining 14 per cent being F or G rated.
- 51 Alongside the proposed new target, the government proposed that the following interim milestones would be included in the new fuel poverty strategy:
- a) as many fuel poor homes in England as is reasonably practicable to Band E by 2020 – 15% of fuel poor households currently live in F and G rated homes;
 - b) as many fuel poor homes in England as is reasonably practicable to Band D by 2025 – 46% of fuel poor households currently live in E rated homes.
- 52 In addition, the consultation paper also sought views around proposed actions to address fuel poverty, including:

- a) warmer homes: cutting bills and increasing comfort in the coldest low-income homes, making a real and lasting difference through energy efficiency and heating improvements;
- b) supporting people: helping people directly with their energy bills and helping to increase incomes;
- c) fairer markets: ensuring that everyone can take action and benefit from a more open energy market;
- d) improving delivery: making the most of the support available, getting it to the right people, and working together to support fuel poor households – recognising that fuel poverty is not a problem that central government can tackle alone.

53 In light of the linkages made nationally with welfare changes being linked to reducing poverty, it clearly makes sense to widen the council's current work looking at the changes to welfare to consider the levels of poverty within the county and how these are being affected by the changes being made.

Council response to date

54 The council has taken a strategic and co-ordinated approach to the changes made to the welfare system to date including how we have used the funding available from government to support people affected by the changes. This has identified the benefit of joining 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.

55 Changes to welfare have posed a major challenge for Durham, given its traditionally high numbers of benefit claimants.

56 Researchers from Sheffield Hallam University estimated that the financial loss in the county per working age adult due to welfare reform is equivalent to £565 a year, which compares with £470 across Great Britain as a whole. The total financial loss to the county economy per year is estimated to amount to £188 million.

57 The council's response to the welfare changes continues to be overseen by Cabinet, supported by an officer project group, reporting to the Assistant Chief Executive. Full Council has been kept up-to-date with two presentations and Members and employees, particularly those in customer-facing roles, have received training to help them understand the changes and how the council and partners can help.

58 A comprehensive communications programme has been instigated to ensure that claimants understand proposed changes and are signposted to the most appropriate sources of advice, help and support.

59 We held two major welfare conferences in the county, bringing delegates together from a variety of sectors to share thoughts and practice and cement our multi-sector approach.

- 60 To support individuals and communities, we have worked across the council and with partners to anticipate benefit changes, mitigate impacts and support benefit claimants to become more independent where we can.
- 61 Teams in housing, revenues and benefits, economic development and adult social care have worked together with housing providers to develop specific packages of support to help residents and service users adapt.
- 62 The council is one of only two local authorities in the North East to have retained entitlement levels for Council Tax discounts via the Local Council Tax Reduction Scheme in line with that which applied under the Council Tax Benefit regime prior to 2013/14. This policy has protected vulnerable residents at a time when welfare changes have had a significant adverse impact. At its meeting of 16 July 2014, Cabinet agreed to recommend to Full Council that the current Local Council Tax Reduction Scheme should be retained for 2015/16, with a review in the first quarter of 2015/16 to inform budget options from 2016/17 and beyond.
- 63 We have worked with the community and voluntary sector to develop a welfare assistance policy to replace Social Fund crisis loans. We have also introduced a triage-based advisory service called Help and Advice Network Durham (HAND) to help benefit claimants become more financially independent. Regular reviews of this scheme have enabled us to respond to feedback and implement policy changes such as utilising existing furniture recycling schemes for fulfilment.
- 64 Many of the AAPs have stated welfare reform as one of their key priorities and have supported various projects in their areas. These projects are linked to helping residents respond and cope with the changes, such as the Cornforth Job Club Mentoring Project and the Teesdale AAP Foodbank project. The funding helped to support the project with equipment and training. All AAPs have been given £10,000 to implement further projects relevant to their areas to help residents respond and cope with the changes to welfare and proposals are currently being developed.
- 65 In East Durham, we worked with the East Durham Trust to recruit volunteer 'welfare champions' to support local people adversely affected by benefit changes before they get into financial difficulty. So far 25 champions have been recruited, helping over 500 people with advice, signposting, advocacy and food bank referrals. The approach has been so successful it is being replicated in other parts of the county such as Newton Aycliffe where 11 volunteers have been recruited and over 200 people have been helped.
- 66 The council has continued to maintain and expand the programmes it supports to help local residents into employment, including the County Durham Apprenticeship Programme, the Rural Employability Programme, local delivery of the Work Programme and targeted support programmes funded by the area action partnerships.
- 67 In line with the way government has used employment initiatives as a way of helping manage changes to the welfare system, £500,000 has been set aside from the Welfare Assistance budget to develop a specific employability and wage subsidy scheme to help disadvantaged people into work. The scheme will provide access to training and work-based learning, skills provision

financial support, wage subsidies for employers and targeted discretionary support where required.

Monitoring the impacts on residents

- 68 The council's Local Council Tax Reduction Scheme (LCTRS) offered the same level of discounts as the previous council tax benefit scheme and therefore no council tax benefit claimants have been financially worse off since April 2012.
- 69 Council Tax in-year collection performance for 2013/14 is broadly line with original budget expectations. Anecdotal evidence, from demand for Discretionary Housing Payments, Welfare Assistance Scheme applications, rent arrears statistics in County Durham compared to others across the region would suggest that the protection afforded to working age claimants from the impact of a LCTRS that reduced entitlement is having a positive impact/reducing impacts on these areas.
- 70 We have yet to experience the significant rises in rent arrears seen elsewhere, but are keeping a close eye with partners on the impact of welfare reform on an already difficult housing market.
- 71 Anecdotally tenants appear to still be prioritising housing costs possibly through borrowing from friends and families, loan sharks or lenders charging high interest rates and therefore the impacts expected have not yet been seen.
- 72 Since April 2013 over 5,300 residents been through 'triage' with either their housing provider or the council's Housing Solutions team and received advice and support to help them improve their personal circumstances. Over 2,400 of these triage referrals have resulted in the tenant receiving financial support from the council in the form of a DHP award. Long term successful outcomes include over 120 tenants moving to a more suitable property; over 1,200 tenants receiving employment advice; over 1,500 tenants receiving specialist advice and support on their personal finances e.g. debt and over 2,000 tenants have received advice and support on how to maximise and make the most of their income. This has included helping tenants claim benefits they are entitled to which exempt them from under occupation, moving to more appropriate accommodation or increasing their income through employment or increased hours etc. Reflecting this work the overall number of under occupiers has reduced from 8,003 in April 2013 to 6,871 in July 2014.
- 73 The number of tenants terminating their tenancies is showing an increase and the number of applicants bidding for three bedroom properties through our choice based lettings scheme has reduced. Further research work is underway to analyse trends in the number of empty properties, turnover of stock, existing supply/demand and trends in the private sector. The research work aims to determine and understand what is happening and if residents are choosing the private rented sector rather than the social rented sector, and the impact this will have on the housing market particularly in relation to the provision of new housing in the future.
- 74 In 2013/14 the council was successful in bidding for additional Discretionary Housing Payment (DHP) funding for £110,000 and together with the original

budget spent a total of £993,792 to help those residents struggling to meet their rental liability with the vast majority being affected by the removal of the spare room subsidy.

- 75 For the current year we were allocated £1,096,133. However, demand for DHP awards is still high and forecasts based on detailed modelling are indicating a slight overspend by the end of the year.
- 76 This is being monitored closely and a letter has been sent to the DWP asking if additional funding for this year will be made available via a similar bidding scheme to that in 2013/14.
- 77 Over 1,600 awards have been made to County Durham residents since the council's Welfare Assistance Scheme started in April 2013. This includes nearly 800 Daily Living Expense Awards and over 800 Settlement Grant Awards.
- 78 Although demand for the Welfare Assistance Scheme has been less than expected, this is now increasing and it is likely that demand for emergency assistance will increase further over the next few years.
- 79 As Members are aware government funding for this scheme ceases after this year. The Local Government Association (LGA) has requested the government work with the LGA and councils to review this with a view of retaining this fund to enable councils to continue delivering local welfare support schemes. More significantly following the settlement of a judicial review, the government has agreed to reconsider how local welfare provision should be funded in 2015 – 2016. This will include undertaking a consultation and further consideration of their equality duty in reaching a fresh decision on future funding. It is expected this will be made before the provisional Local Government Finance Settlement is announced.
- 80 The council recognises that this is a long term problem and work is currently underway looking at options to continue this scheme after March 2015 without government funding should this position not change. We are looking at what other councils have done although nearly all schemes are supported by a significant financial commitment. Detailed proposals once developed will be brought to a future Cabinet meeting for consideration.
- 81 The council's Welfare Rights service has assisted in raising over £2 million in PIP awards for residents since the roll out in County Durham. This includes both the care and mobility component and represents a 98 per cent success rate.
- 82 Whilst the council's Welfare Rights Services have had a positive success rate for clients receiving PIP awards, these residents are experiencing lengthy delays in their claims being processed. DWP started accepting claims in April 2013 and some non-terminal illness cases have waited nine to ten months for a decision.
- 83 The AAP projects linked to Welfare reform have seen positive levels of success including the Cornforth Job Club Mentoring Project. This project currently offers three job clubs per week and has: provided 'one-to-one' mentoring support for a wide range of complex issues for 45 clients;

developed the skills of 100 clients to improve their employability; advised 95 clients around career and training opportunities; enabled 52 clients to successfully achieve accredited qualifications; enabled 33 clients to participate in specialist training workshops including Understanding Addiction, Domestic Violence, Anger Management, Healthy Changes and Confidence Building; assisted 51 individuals to access ICT support for Universal Job Match and CV development; and helped eight clients to secure employment of over 16 hours per week.

- 84 The council has supported the work of credit unions by implementing a salary deduction scheme. From September 2013 to September 2014, 280 council staff have joined the salary deduction scheme and saved £140,000. £60,000 has been borrowed from the credit unions rather than the high cost credit, payday loan companies.
- 85 The council's new employability and wage subsidy scheme is still in its infancy. The scheme is being monitored and outcomes will be reported as the scheme progresses. More generally, it should be noted that the council has supported 3,132 residents into employment through its economic development initiatives between 2009-14.
- 86 Following confirmation that the flagship policy change of Universal Credit has been delayed and will not be in place within the North East before 2016, planning for this change has been limited.
- 87 The Welfare Reform Steering Group received a presentation from Warrington Borough Council, a Universal Credit Pathfinder Council, in June 2014. Despite initial low levels of take up of Universal Credit, Warrington stressed the importance of planning and early engagement with housing providers especially around direct payments and the cost implications around managing the impacts of direct payments, although they did acknowledge the financial support they received from DWP as a pathfinder council and it is unlikely this support will be available as part of the wider roll out.

From welfare to poverty

- 88 As the council has anticipated and responded to the government's welfare reforms, what has become apparent is that to support residents and households affected by benefit changes, the council and its partners need to take a much more holistic approach, addressing the wider issue of poverty, which has been compounded by the impact of benefit changes.
- 89 In order to do this, it is proposed to broaden the scope of the welfare reform policy work, including the remit of the associated governance, to focus on poverty as well as welfare reform policy and administration changes.

Way forward

- 90 The existing officer project group would be broadened into a poverty and welfare reform steering group. This would coordinate the delivery of a range of new and existing policy work which would seek to ensure the policy development is complementary in addressing poverty and any gaps identified are addressed. This focus would include:
- a financial inclusion strategy;

- initiatives to raise housing standards in the private rented sector;
- relevant elements of the Children, Young People and Families Plan 2015/16 as it relates to poverty;
- the council's Troubled Families programme;
- on-going research and responses to welfare reform and benefit changes;
- responding to any new policy announcements from government relating to poverty.

91 The steering group would continue to report to Cabinet Members and individual strategies and plans would be reported to Cabinet for consideration as appropriate.

Recommendations and reasons

92 Members are recommended to note the contents of this report and the proposed broadening of the scope of the welfare reform work as outlined in paragraphs 88 to 91 which was considered by Cabinet.

Background papers

Previous Cabinet papers.

Contact: Roger Goodes Tel: 03000 268050

Appendix 1: Implications

Finance – There are no new financial implications contained within the report.

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, Discretionary Housing Payments policy and bids for funding referenced have all been subject to an equality impact assessment where appropriate.

Accommodation – N/A

Crime and Disorder – N/A

Human Rights – N/A

Consultation – N/A.

Procurement – N/A

Disability Issues – N/A

Legal Implications – N/A