

**21 December 2015**



## **Welfare Reform and Poverty Issues**

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### **Report of Lorraine O'Donnell, Assistant Chief Executive**

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#### **Purpose of the Report**

- 1 To provide members of the Economy and Enterprise Overview and Scrutiny Committee with background information concerning the consultation on the draft County Durham poverty action plan (attached as Appendix 2) prior to a presentation by the Head of Policy and Communications providing members with an overview of the action plan as part of the consultation process.

#### **Background**

- 2 The committee receives as part of the quarterly performance reports detail of Job Seekers Allowance (JSA) claimants within the County including those claiming for 12 months and more. Whilst members noted that the figure was continuing to fall they were concerned about the destination of those individuals coming off JSA. Members wanted to know whether these individuals were going into employment, onto another benefit, falling out of the system or whether this was a result of an increase in the use of government sanctions. These concerns resulted in a special meeting of the committee held in December 2014 which was attended by representatives from Jobcentre Plus (JCP).
- 3 During the meeting members of the Economy and Enterprise Overview and Scrutiny Committee expressed concerns about the impact of welfare reform in the County and when considering the refresh of its work programme in March agreed to include an overview of welfare reform and poverty issues within the County together with a summary of any work being undertaken by DCC and partners to tackle these issues.

#### **Context**

- 4 Due to the scale of welfare reform and its potential impact on families and communities in the county, regular updates on policy implications and their impacts have been prepared for members and shared with partners.
- 5 Durham County Council (DCC) members received at the Cabinet meeting on the 21 October, 2015 an update on the government's welfare reform programme and related policies affecting residents in the county together with a draft County Durham poverty action plan which builds a more comprehensive response to the changes to welfare and the wider poverty issues within the county.

6 Previous reports on welfare reform had highlighted the lack of a cumulative impact assessment of the various components of welfare reform at national level and drew from a number of sources to understand the potential impact in the county. The report considered by members at Cabinet on the 21 October estimated impacts across the county with included the following:

- The gap between the national rate for child poverty and that in the county has widened by 2.7 percentage points between 2007 and 2012.
- Over 71,000 households will be affected by the introduction of Universal Credit which has just started to be rolled out in the county. This is equivalent to over one third of all households.
- 18,900 fewer families are now claiming tax credits compared to 2011. The number of families claiming has fallen from more than one in four households then, to less than one in five now.
- The number of people claiming the main out of work benefits has fallen from 56,000 in 2009 to 42,490 in 2015 which is the lowest level for 16 years.
- There has been an increase in the percentage of Jobseeker's Allowance (JSA) claimants receiving adverse sanctions since new rules were introduced in October 2012. The rate in the county now stands at 5.6 percent compared to the national average of 4.1 percent.
- 20,000 residents will be affected by the shift from Disability Living Allowance to Personal Independence Payments.

7 Arrangements have been made for the Head of Policy and Communications to attend committee on the 21 December, 2015 to provide members with an overview of the draft County Durham poverty action plan. The presentation will focus on:

- Background and current position re welfare reform and poverty
- Actions to date
- The way forward

### **Council's response**

8 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. This has identified the benefit of joining services across service groupings. 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.

- 9 The response by the council to the welfare reform changes has been shared widely with the County Durham Partnership and has involved working corporately and in partnership with a wide variety of stakeholders. A Poverty Action Steering Group (PASG) has been established to coordinate a broad programme of work which has included: a comprehensive communications and training programme for council staff; the introduction of a local Council Tax Reduction Scheme in 2013; the use of Discretionary Housing payments and the establishment of a Welfare Assistance Scheme to support people affected by benefit changes; coordinated support through housing and training providers to help people help themselves; measures to tackle fuel and financial inclusion and the establishment of a co-ordinated advice partnership in the county. The PASG has developed a draft poverty action plan to build a more comprehensive response to the changes to welfare and the wider poverty issues within the county.

### **Draft Poverty Action Plan**

- 10 It is difficult to distinguish between changes resulting from welfare reform, economic trends associated with recession and recovery and underlying issues including poverty. For this reason, the Council agreed to widen our response to welfare reform, to include addressing those aspects of poverty that can be tackled locally. The draft poverty action plan is attached and includes proposed actions to:
- a) raise awareness of poverty within the Council and amongst our partners;
  - b) get our services and partners to understand poverty and how we can all work together to help address it;
  - c) establish ways of monitoring how people are affected by poverty; what other issues result from poverty; and what gaps in support exist that can be addressed within the resources available;
  - d) focus closely on child poverty, issues surrounding credit and debt, fuel poverty, the impact of further changes to welfare and benefits, and initiatives to help people work.
- 11 In order to focus on the actions necessary to respond to the challenges facing the county's residents, the draft poverty action plan has been developed on six key themes agreed by Cabinet in December 2014:
- 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.
- 12 The draft poverty action plan was agreed by members at the Cabinet meeting on the 21 October with the Overview and Scrutiny Management Board invited to comment on the action plan at their meeting on the 23 October, 2015.

- 13 Following the agreement of the draft poverty action plan by Cabinet, a period of consultation is taking place with partners providing an opportunity for them to comment and contribute to the further development of the plan. This will be fundamental to the successful delivery of the action plan and achieving better outcomes for the residents of County Durham.
- 14 The Economy and Enterprise Overview and Scrutiny Committee members will have an opportunity at the meeting on the 21 December to provide comments on the draft poverty action plan.

### **Recommendations**

- 15 The Economy and Enterprise Overview and Scrutiny Committee is recommended to:
- (i) note and comment on the contents of the presentation and draft poverty action plan.
  - (ii) receive a further report and presentation on the progress of the County Durham poverty action plan as part of the refresh of the work programme for 2016/17.

### **Background papers:**

Cabinet, 21 October 2015 – Welfare Reform and Poverty Issues

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**Appendix 1: Implications – as per Cabinet report 21 October 2015**

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**Finance** – The £140,000 for Area Action Partnership welfare-related projects will be met from provision carried forwards from the 2014/15 welfare assistance budget; the £35,000 additional support for the Housing Solutions Service will also be met in this way; the estimated £70,000 cost over two years for the Advice in County Durham partnership co-ordinator is being funded by welfare reforms new burdens funding; the £7,374 (plus travel expenses) to extend the contract of the Employability Performance Officer by three months will be met from the existing allocation to the employability project from the welfare assistance budget.

**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 draft County Durham Poverty Action Plan would be subject to consultation with other organisations and groups, including the County Durham Partnership

**Procurement** – N/A

**Disability Issues** – N/A

**Legal Implications** – N/A