

# Scrutiny Committee

## *Light Touch Review of the Impact of Welfare Reform*



**Draft Final Report – October 2014**

### **Task Group:**

- ▶ Councillor Mick Titherington (Chair)
- ▶ Councillor Colin Coulton
- ▶ Councillor Ken Jones
- ▶ Councillor Frances Walker

## What is Scrutiny?

Scrutiny is all about challenging decision made by the Council and other local organisations, keeping an eye on local issues and reviewing local policies.

In other words, Scrutiny acts like a watchdog for the people of South Ribble. It is about helping the council to work with local people, partners, other businesses and organisations and voluntary and community groups, to improve the quality of life of residents in the borough.

## Scrutiny:

**Challenges** local performance so that we can raise standards, ensuring the services provided meet customers' expectations;

**Questions** the decisions of the Council's cabinet and other local organisations;

**Reviews** policies and becomes involved in the development of new policies;

**Holds inquiries** and reviews services provided by public organisations on issues of public interest or concern e.g. local hospitals, the police, fire service, utility companies etc.

**Makes recommendations** for action, change and improvement.

## Who is Scrutiny?

Scrutiny is made up of twelve members of the Council who are appointed by all members of the council on an annual basis.

## How can you get involved?

Local people and organisations have an important part to play in the Scrutiny process. If you use a service it is important that you let your councillors know your views on how it could be improved.

You can do this in a number of ways:

- ▶ Attend meetings
- ▶ Suggest a topic
- ▶ Get involved in a consultation

You could be asked for your views on an issue or be invited to provide specialist knowledge you have by being a witness in a Scrutiny review or by being co-opted onto one of the task groups.

## More information?

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For further information on this review or to view the background information and research, please contact Darren Cranshaw, Scrutiny & Performance Officer on 01772 625512 or email: [dcranshaw@southribble.gov.uk](mailto:dcranshaw@southribble.gov.uk).

## Welcome and Introduction



As chair of the cross-party Task Group looking at the impact of welfare reform, I have pleasure in presenting our report.

This review has been difficult to carry out because of the relatively recent nature of the implementation of the reforms. It is also acknowledged that the scale of the welfare reforms is the largest change since the creation of the welfare state.

Whilst the Task Group would have liked to have carried out a more in-depth review we came to the conclusion that it is too early to draw firm conclusions and it is hoped that welfare reform is something which the Scrutiny Committee might look at again in the future.

Much of our review was around understanding more about the welfare reforms and their impact on the Council and its residents rather than generating many recommendations, which would be outside our control or influence. However, we hope that our small number of recommendations will help partners work together even more effectively.

We would like to thank everyone involved in the review for their assistance and in particular the Council's Director of Business Transformation and his team who deal with the welfare reforms on a day to day basis on behalf of our residents.

Councillor Mick Titherington  
Chair of the Scrutiny Task Group

## **Rationale for the Review**

The Government has made major reforms to the welfare system which affects residents in South Ribble.

The Scrutiny has taken a keen interest in the reforms and has contributed to the consultation on the localisation of council tax support scheme and probed the reforms at a special themed Scrutiny Committee meeting before the reforms took effect.

Due to the impact the reforms have had on our residents, the Council and its partners, it was agreed to carry out a review twelve months from when the main reforms took effect.

## **Scrutiny Committee Review Team**

- ▶ Councillor Mick Titherington (Chair)
- ▶ Councillor Colin Coulton
- ▶ Councillor Ken Jones
- ▶ Councillor Frances Walker

## **Review Aims and Objectives**

- ▶ To understand the remit of the welfare reform changes.
- ▶ Explore how the Council and its partners are responding to the welfare reform changes.
- ▶ Assess the impact of the welfare reform changes on the Council and South Ribble residents.
- ▶ Make appropriate recommendations based on the review.

## **Methodology**

In carrying out this review, the Task Group has carried out the following to inform the review and develop its findings and recommendations:

- ▶ Reviewed the minutes and information given two special themed Scrutiny Committee meetings around welfare reform on 1 October 2013 and 26 March 2014.

- ▶ Representatives of the Task Group observed a number of meetings of South Ribble Partnership's welfare reform task and finish group.
- ▶ Representatives of the Task Group attended two workshops organised by North West Employers' Organisation to look at the implications of welfare reform.
- ▶ Carried out desktop research into the welfare reforms using sources such as the Local Government Association, Department of Work and Pensions, Centre for Public Scrutiny and the Council's own policies and procedures.
- ▶ The Task Group met with the following as part of the review:
  - Councillor Phil Hamman, Cabinet Member for Corporate & Support Services – South Ribble Borough Council
  - Ian Parker, Director of Corporate Governance & Business Transformation (Statutory Monitoring Officer) – South Ribble Borough Council
  - Gail Lowe, Benefits Team Leader – South Ribble Borough Council
  - Jo Bentham, Benefits Team Leader – South Ribble Borough Council
  - Amy Kenyon, Benefits Assessor – South Ribble Borough Council
  - Michael Fisher, Revenues+ Manager – South Ribble Borough Council
  - Howard Anthony, Manager – South Ribble Partnership
  - Franco Barnowski, Financial Inclusion Manager – Progress Housing Group
  - Matthew Astley, Project Leader – Lancashire West Citizens Advice Bureau
- ▶ Use the Local Government Association's local impacts of welfare reform modelling tool

## Key Findings

### What are the welfare reforms?

The Government's Welfare Reform introduced wide ranging reforms with the aim of making the benefits and tax credits systems simpler by:

- ▶ Creating incentives to get more people into work by ensuring that work always pays
- ▶ Merging 6 working age means tested benefits to create a single universal credit
- ▶ Reforms to other benefits aimed at reducing the cost of the benefits

The main elements of the changes are around:

- ▶ Under occupancy
- ▶ Localisation of Council Tax
- ▶ Benefit Cap
- ▶ Universal Credit
- ▶ Discretionary Housing Payments

### Under Occupancy

Under occupancy took effect from 1 April 2013 and affects those on housing benefit who rent their property from housing associations. The amount of benefit paid is restricted for those under occupying their property and uses the same criteria already used for the local housing allowance which affects private sector lettings.

### Localisation of Council Tax

The Council was required to develop a local council tax benefits scheme from 1 April 2013 to take into consideration the Government's cut of 10% in the amount it previously paid for the benefit. It was a requirement for the Council to consult widely with residents and claimants. The Council's scheme affected those who received the old council tax benefit and any new claims. The new scheme means that all working age claimants make a contribution of £2.95 per week towards their council

tax, regardless of income. This was the preferred option of residents and claimants from the consultation. There is an exceptional hardship scheme available for those in extreme hardship.

### **Benefit Cap**

The benefit cap limited the total amount of benefit that most people aged between 16 to 64 can receive. The benefits cap for a single person with no children is £350 per week (£18,200 per year) and for single parents and couples £500 per week (£26,000).

### **Universal Credit**

Universal credit is a new way of paying benefit which aims to simplify the system to combine a number of in and out of work benefit into one monthly payment. Payments will be made in arrears and as a single payment.

The single payment of universal credit will replace the following existing benefits:

- ▶ Income support
- ▶ Income based Jobseeker's Allowance
- ▶ Income related employment and support allowance
- ▶ Housing benefit
- ▶ Working tax credit
- ▶ Child tax credit

Existing claimants are due to be moved to universal credit on a phased rollout.

### **Discretionary Housing Payments**

Discretionary housing payments the Council can make if housing benefit is less than the full amount charged. Those in receipt of housing benefit can claim discretionary housing payments towards rent where there is a shortfall. Discretionary housing payments are short-term, limited period payments that are awarded to provide claimants with a suitable length of time to find other ways to pay the shortfall in the future.



## **Preparing for the welfare reforms**

As part of the review we looked at how prepared the Council and key partners were for the welfare changes and support provided to customers.

We found that the Council and local housing associations had provided a great deal of direct communication and information for claimants to make them aware of how the changes would affect them and the support available. Good practice examples included surgeries in the community, tenant awareness days and direct contact. The Task Group felt that more information could be provided in the reception areas of public buildings such as the Council's Gateway reception and included in the Council's FORWARD newspaper sent to all households in the Borough.

## **What has the local impact of welfare reforms been?**

### **Under Occupancy**

In South Ribble under occupancy originally affected 651 claimants, which has since fallen to 454 claimants. This is around a 30% reduction compared against a national reduction of 11%.

Local housing associations have reported an increase in rent arrears as a result of tenants continuing to under occupy their accommodation. The Task Group met with Progress Housing Group who reported that 11 of its tenants that had been evicted in South Ribble since April 2013, were under occupying, but that none had been evicted solely because of rent arrears attributable to under occupancy.

### **Localisation of Council Tax Scheme**

The localisation of council tax scheme has affected 3,600 people who are losing an average of £170 per year.

Looking at collection rates, early forecasts have been exceeded and show that collection rates from those now paying as part of the localisation of council tax scheme is 70%.

The number of people taken to court due to non-payment of council tax has increased by 1,000 cases, but these cases cannot be directly attributed to the localisation scheme as it would need each record to be manually checked. However, in the opinion of officers and partners involved in the process the increase was felt to be due to the localisation scheme.

We looked at the Council's debt recovery policy and approach taken by the Revenues Team in collecting outstanding council tax and felt that they were appropriately applied to the relevant circumstances.

We also found that where the council took residents to court for non-payment of council tax the court fees incurred by the Council could be deducted from benefit in addition to the outstanding council tax. Council tax cannot automatically be taken from benefits without a court order. The view from officers and partners involved in the process was that those affected by the scheme would prefer to have the option of council tax being deducted from benefits, which would improve collection rates, be more convenient for claimants and be more efficient for the Courts Service.

The hardship scheme has received 37 applications, with 4 applications being granted and a total of £245.17 paid out during 2013/2014.

### **Benefit Cap**

The benefit cap has affected 15 families in South Ribble with the level of deductions ranging between £3.30 and £159.88 per week.

### **Universal Credit**

The Council currently pays out over £20M in the form of housing benefit, which the government plan to replace with universal credit. We are satisfied that the Council's preparation for the changeover that potentially could have had a major impact on the Council's employees who currently deliver the service.

Universal credit was rolled out by the government in South Ribble for new claimants during July 2014. As part of the government's transition arrangements the Council has been successful in securing £85,000 to help claimants be able to access and complete universal credit application and provide budgeting advice. This support is to be provided through the Council's Gateway service based at the Civic Centre. Due to the geographic diversity of the Borough we would recommend the support is also provided on an outreach basis to enable residents living away from Leyland to access the service more conveniently.

According the Local Government Association (LGA) impact model 13,665 South Ribble residents are projected to be affected by universal credit with an average gain of £3.69 per week.

## **Discretionary Housing Payments**

The Council's budget for discretionary housing payments is £100,000 which has been provided by the government for two years with no commitment to continuing this funding in future years. During 2013/2014, 225 applications were received for discretionary housing payments, with 120 being awarded payments totalling £35,000.

Having looked at the discretionary housing payments policy and comparing it with others, it was felt that clear criteria for awarding payments be developed and published so that claimants know their eligibility and how it will be judged by the Council.

Whilst the Task Group understands the funding for discretionary payments from the government is not guaranteed, it was felt that more could be done to assist those affected by the welfare reforms through the awarding of payments. This would not only help the individuals concerned but the local economy.

## **Partnership working on welfare reform**

South Ribble Partnership and its members identified welfare reform as a priority from the start of the process and brought relevant partners together to share information and target support as part of their task and finish group process. Whilst this has been a focus of South Ribble Partnership, the Partnership has moved onto a new round of projects and the group went onto meet as a network in its own right. Meeting with a variety of partners who value the network of meeting and sharing information there is a concern as to whether this can continue and the Council's role with this. We therefore recommend the Council puts in place a process of meeting regularly with partners to share information and to support one another on the impacts of welfare reform going forward.

## **Conclusions**

The welfare reforms have had an initial detrimental impact on a small number of South Ribble residents, which is common across the country. However, it is too early to measure the long-term impact of the changes and whether the government's objectives will be met.

The Task Group felt the Council has proactively worked to effectively implement the changes with partner organisations in difficult circumstances.

Our recommendations are therefore around promoting the changes more effectively, providing outreach transitional universal credit support and around the criteria for discretionary housing payments.

## Recommendations

1. The Council is congratulated in securing £85,000 of transitional funding to help our residents adapt to the introduction of universal credit.
2. As part of the Council's universal credit transitional work to support our residents by providing outreach services in community buildings and venues around South Ribble as an alternative to the Civic Centre be provided.
3. Clear criteria for when Discretionary Housing Payments will be awarded is to be developed so that residents know whether they are eligible and to provide greater transparency to the process.
4. The revised Discretionary Housing Payments criteria are, so far as reasonably practicable, designed to ensure that the full available budget is spent.
5. Information on the welfare changes, including discretionary housing payments and impact on our residents is placed in the Council's newspaper FORWARD and in public areas such as the Gateway reception.
6. The Council meets regularly with interested partners to share information and help co-ordinate the support and information available to our residents.
7. The Council lobbies the Department for Work and Pensions through local Members of Parliament and Lancashire Council Leaders' Group to change the national regulations to allow outstanding council tax to be deducted directly from benefits with the permission of the claimant.