

## **Corporate Scrutiny and Performance Panel**

**Agenda  
Item No. 6**

**25 March, 2014**

### **The Impact of Welfare Reform in Walsall**

**Ward(s)** All

**Portfolios:** Cllr C. Towe – Finance and Personnel

#### **Report:**

At its meeting on 17 June 2013 the Panel established a cross-panel working group to consider the impact of the government's welfare reforms in Walsall.

The working group has gathered a significant amount of evidence and engaged with a range of council departments and local partners to assess the impact.


The final working group meeting took place on 6 March 2014 so it's final report and recommendations are in the final stages of production at the date of the agenda despatch for the Panel meeting. The complete version of the final report will be made available shortly.


#### **Recommendations:**

**That, subject to any comments Members may wish to make, the final report of the Welfare Reform Working Group be forwarded to Council for consideration.**

#### **Contact Officer:**

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# The Impact of Welfare Reform in Walsall



To be presented to Corporate Scrutiny and Performance Panel on 25 March 2014



**Walsall** Council

## Foreword

*The Government's welfare reforms represent the most fundamental changes to the benefits system in a generation. The scale and impact of individual reforms have been documented in a variety of media coverage and are generally understood, however, what we set out to do was to try and understand the cumulative impacts of all of the Government's reforms, and claimants' and local areas' ability to deal with them.*

*The remit of our Welfare Reform Working Group was to understand the impact of welfare reform on the council, the local social housing providers, the advice sector and most importantly the residents affected by welfare reform.*

*The rise of food banks over the last couple of years, the fact that millions has been lost to the Walsall economy, the pressure on landlords to find suitable accommodation for those affected by the "bedroom tax" and pressure on residents that find themselves victims of welfare reform, make this piece of work important in how we (the council) work with partners in the future to mitigate the worst affects of welfare reform over the next 4 to 5 years.*



**Councillor Sean Coughlan**

**Lead Member, Welfare Reform Working Group  
Chair, Corporate Scrutiny & Performance Panel**

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## Introduction

The Corporate Scrutiny and Performance Panel (the Panel) identified the opportunity to investigate the impact of welfare reform at its meeting on 17 June 2013.

To complete this task a small working group was established.

## Terms of Reference

Draft terms of reference were discussed and agreed by a meeting of the working group that took place on 14 October 2013. These were subsequently agreed by the Panel at its meeting on 22 October 2013.

The full version of the Working Groups terms of reference can be found at Appendix 1 to this report.

The Working Group was supported predominantly by two Officers:

Lynn Hall	Head of Benefits
Craig Goodall	Committee Business and Governance Manager

## Membership

Due to the cross cutting nature of the topic the Panel decided to invite Members from other scrutiny and performance panels to participate in the working group. To this end invitations were sent to the all scrutiny panels.

The working group was made up of the following Councillors:

Name	Panel Representing
Sean Coughlan	Corporate
Diane Coughlan	Social Care and Inclusion
Barbara Cassidy	Children and Young Peoples
Carl Creaney	Community Services and Environment
Gareth Illmann-Walker	Corporate
Eddie Hughes	Children and Young Peoples
Doug James	Health
John Rochelle	Corporate
Doreen Shires	Corporate
Stephen Wade	Regeneration

## Methodology

The Working Group has held 4 meetings during its investigations taking into account the views of 17 witnesses.

## Witnesses

The Working Group met and discussed issues or received evidence relating to welfare reforms with the following witnesses:

Rob Hughes	Walsall Housing Group
Mike Hew	Chief Executive, Caldmore Accord Housing
June Moriarty	Director of Neighbourhood Services, Beechdale Housing
Craig Taylor	Head of Income, Beechdale Housing
Marie Smith	Area Operation Manager, WATMOS
Carl Rice	Chief Executive, Walsall Citizens Advice Bureau
Claire Foulkes	Advice Director, Walsall Citizens Advice Bureau
Alison Matthews	Walsall Borough Partnership Manager, Jobcentre Plus
Rory Borealis	Executive Director (Resources)
Rose Collinson	Interim Executive Director (Children's Services)
John Bolton	Interim Executive Director (Social Care)
Paul Gordon	Head of Business Change
Lynn Hall	Head of Benefits
Sharon Tait	Head of Revenues
Sue Dunn	Quality, Performance and Projects Officer
Pete Cottam	Benefits Team Leader
Liz Ashwell	Benefits Officer
Julie Giles	Senior Systems Thinking Lead
Alexis Faulkner	Benefits Officer

## Report Format

The report sets out the working groups findings along with supporting evidence. The intention of the report is to give a position statement on the current impact of welfare reforms for partners to consider when making important decisions on behalf of the borough.

## Data Healthcheck

Much of the data used in this report has been extrapolated from a briefing prepared for Walsall Council by ekosgen during 2012 and 2013. A number of points have been based on predictions and require confirmation to establish if the predictions have been delivered. The working group recommend that this work takes place.

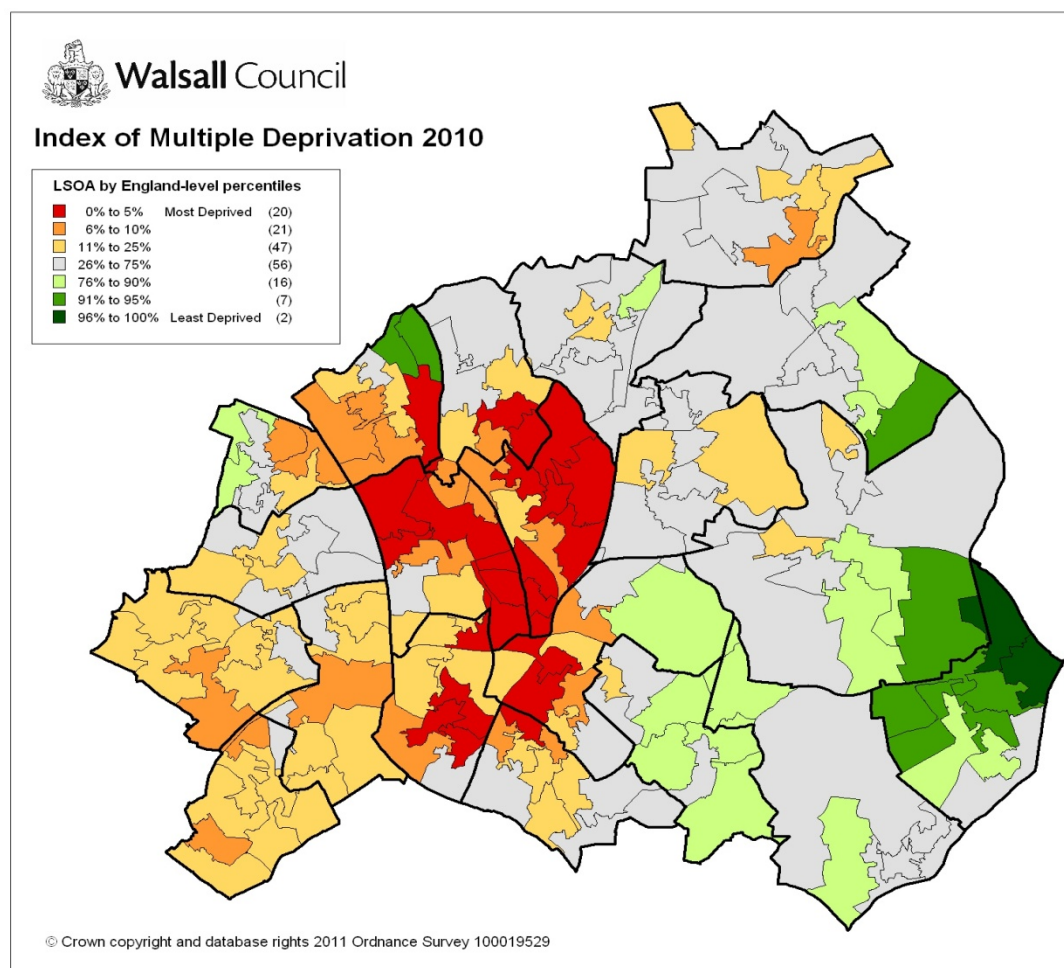
## Context

### Walsall

Before setting out the welfare reforms and the impact they have had on the borough it is important to understand a few key statistical details.

In the 2010 Indices of Multiple Deprivation (IMD), Walsall was ranked as the 30th most deprived of the 326 Local Authorities in England. This is one of the 10% most deprived areas in England. In the 2007 IMD, Walsall was ranked 45th out of 354.

The borough fares particularly badly in terms of education, income and employment deprivation.



The area has high number of local people in receipt of benefits compared to national figures. There are 157,300 working people aged between 16-64 living in Walsall:-

- Only 1.6 working age residents to every child or older person;

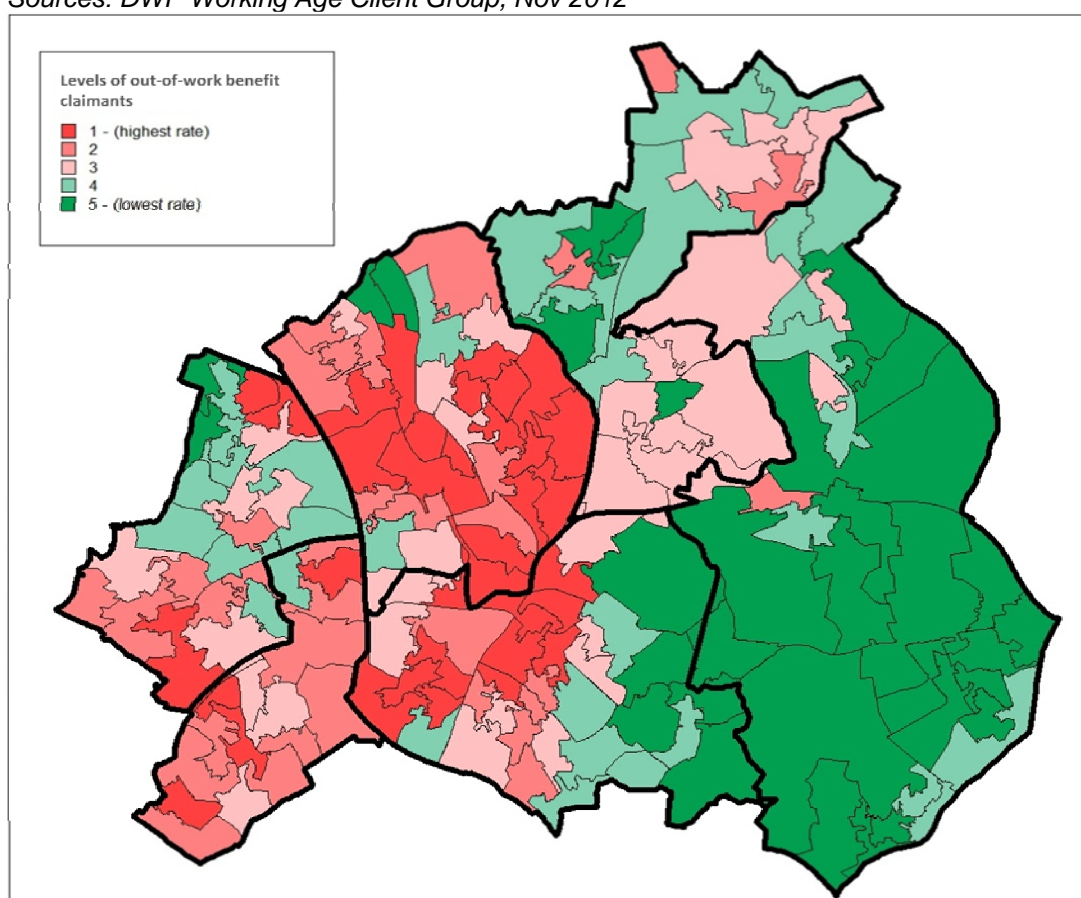
- Numbers of residents in 'wealth creating' working age group are projected to continue to grow more slowly than children or the elderly;
  - Only 72.5% of working age adults are 'economically active' (nationally 77.9%);
  - 8,207 adults (4.9%) are actively seeking work and claiming Jobseeker's Allowance (nationally 3.0%);
    - This rises to over 11% in St Matthew's;
  - Long term unemployment is increasing:
    - 2,810 individuals have been unemployed for over 1 year;
    - In November 2008 there were only 675 individuals unemployed for over 1 year;
  - The average length of an unemployment claim is long and has risen:
    - Current median length is 30.7 weeks;
    - In May 2011 it was 22 weeks, and nationally is currently 25 weeks.
- Sources: Nomis; ONS mid-2012 estimates, ONS 2011 Census & ONS Claimant Count May 2013, Annual Population Survey 2012*

Table 1 below shows the levels of out of work benefit claimants across the borough. In summary:-

- Around one in six working age residents (24,960 people) are out of work and receive benefits;
- Mainly concentrated around the Town Centre, Darlaston, Willenhall and North Walsall;
- The largest group with 11,960 people are people on Employment Support Allowance/Incapacity Benefits.



Table 1: Levels of out of work benefit claimants  
Sources: DWP Working Age Client Group, Nov 2012



### Young people

Young people make up the largest group of JSA claimants. Just over 2,700 18-24 year olds (11.2%) claim in Walsall but only 6.4% claim nationally. But the percentage of claimants within Walsall has fallen significantly over the past year, at a much faster pace than the rest of the Black Country.<sup>1</sup>

The proportion of NEETs (young people not in education, employment or training) has fallen every year in Walsall from 10.3% of 16-18 year olds in 2005/6 to 7.1% in January 2014. This ranks the borough in second place for lowest proportion of NEETS in the West Midlands. This strong performance is heavily linked to the 'Walsall Works' apprenticeship programme along with Jobcentre led Youth Contract Offer for 18-24 year old claiming Jobseekers Allowance.

<sup>1</sup> ONS Claimant Count May 2013, Department for Education local authority NEET figures 2012

## The Welfare Reforms

The welfare reforms are wide ranging and being introduced on an incremental basis. The key changes are as follows:

<b>Housing Benefits</b>	<ul style="list-style-type: none"> <li>• Localisation of support for council tax.</li> <li>• Introduction of the under occupancy rule.</li> <li>• Local Housing Allowance (LHA) reduced to 30<sup>th</sup> percentile of rents in the local housing area. <i>NB The 30th percentile is a mathematical value which represents the level of rent where around 3 in 10 properties are let at or below LHA.</i></li> <li>• Cap on total LHA payable and lower rates for tenants in the private rented sector.</li> <li>• Increase in deductions to Housing Benefit and Council Tax Benefit for non dependants.</li> </ul>
<b>Employment Support Allowance / Incapacity Benefit</b>	<ul style="list-style-type: none"> <li>• Transition from Incapacity Benefit to Employment and Support Allowance with all existing claimants re-tested and new claimants facing a tougher medical test.</li> <li>• Introduction of a requirement to engage in work related activity and time limited entitlement to non-means tested benefit if not designated to receive unconditional support.</li> </ul>
<b>Other changes to tax and benefits</b>	<ul style="list-style-type: none"> <li>• Increase in personal income tax allowance and increases to national insurance rates and thresholds.</li> <li>• Cuts to tax credits and freeze in child benefit rates.</li> <li>• Medical reassessment of Disability Living Allowance Claimants and transfer to 'Personal Independence Payments'.</li> </ul>
<b>Overarching</b>	<ul style="list-style-type: none"> <li>• A 1% cap on annual working benefit increases.</li> <li>• Introduction of the benefit cap.</li> </ul>
<b>Future changes</b>	<ul style="list-style-type: none"> <li>• Transfer of benefit and tax credit claimants to Universal Credit (UC).</li> </ul> <p>Universal Credit will eventually replace 6 existing benefits with a single monthly payment. It is designed to simplify the benefits system and make work pay.</p> <p>A slow, careful trial roll out of UC began in 2013/14. The Department of Work and Pensions are planning for the transfer of current legacy benefits to UC in 2017.</p>

## Impact of Changes to 2014

In the short-term, it is predicted that the greatest impact will be due to changes to housing-related benefits and IB / ESA. Ekosgen estimated the following impact:

Impact of changes to housing-related benefits - Cumulative			
	2011/12	2012/13	2013/14
Direct Loss	2,365,940	2,365,940	5,302,257
Impact on local economy	4,187,700	4,187,700	9,384,500
Impact of changes to Incapacity Benefit / Employment and Support Allowance			
	2011/12	2012/13	2013/14
Direct Loss	4,386,096	9,000,269	13,715,954
Impact on local economy	7,763,390	15,930,476	24,277,238
<b>Longer Term Impact</b>			
Over the longer term, the introduction of Universal Credit will have a further impact, with a significant reduction in many household disposable incomes, notably			

those with children. Again, this will take expenditure out of the local economy:

- The total impact on the local economy will be over £263m.
- Disposable household income will fall by over £148m.

In addition to the financial impact, it is likely that the scale of planned changes will lead to an increased demand for Council services and support, including an increase in those in crisis. The next sections of the report will look at each theme in turn and provide further details on the impact each one is having, or is predicted to have, on the borough.

## Effects of Housing Benefit Reform

A number of changes have been made to the operation of housing related benefits and further changes are planned, as shown in the table below. These changes will affect both working and workless households across the Borough.

<b>Changes made in 2011/12</b>	<p>Local Housing Allowance for tenants in the private rented sector - New claims based on lower LHA rates. Existing claims have some transitional protection.</p> <p>Increases in deductions for non-dependants - Will reduce the HB + CTB entitlement. Increases will be made over period 2011-2013</p>
<b>Changes made in 2011/12</b>	<p>Cap on total amount of LHA payable – removal of rate of 5-bedroomed properties; removal of excess payment of up to £15 per week for those who had reduced rent costs</p> <p>LHA set at the 30<sup>th</sup> percentile of rents in local housing area (reduced from median) – applies for new claimants from April 2011 and reviewed annually</p> <p>Additional funding for Discretionary Housing Payments made available</p> <p>Shared Accommodation Rate in LHA to be extended to all single claimants under 35 years instead of 25 years</p>
<b>Changes planned for 2013/14</b>	<p>Introduction of the under-occupation rule – from April 2013 Housing Benefit will be limited for working age social housing tenants so it only covers the size of property they are judged to need. A 14% reduction will apply if tenants are under occupying by 1 bedroom and a 25% reduction will apply if they are under occupying by 2 or more bedrooms. Tenants will be required to make up the difference between their rental payments and the level of housing benefit received</p> <p>Introduction of benefit cap. There will be a cap on the total amount of benefit a working age household can receive based on the average working family income after tax (expected to be £500 a week for families and £350 a week for single people). The cap will be jointly administered by DWP and local councils first of all, with councils required to reduce Housing Benefit payments until the cap is reached. In the longer term it will form part of the new Universal Credit System</p> <p>CPI &amp; LHA: the 30% percentile LHA rates will be up-rated in line with the Consumer Price Index rather than the Retail Price Index (real net deductions of 1%), before coming under the 1% cap for two years from April 2014</p> <p>Localisation of support for Council Tax, incorporating 10% uniform cut across all Councils, with councils given discretion to pass on cuts to customers, cut other services to achieve savings or from general efficiencies and savings. The Council has recently made the decision to adopt a localised council tax support scheme that replicates the current council tax benefit scheme, by drawing upon the Council's resources and, if successful, funding secured through a DCLG grant. The grant is designed to support local authorities in developing well-designed council tax support schemes and maintaining positive incentives to work by ensuring that low income households do not face an extensive increase in their Council tax liability in 2013/14</p> <p>Additional funding for Discretionary Housing Payments made available (£50,745 in Walsall for 2013/14) which will help to offset the financial impacts of the housing benefit cap and the under-occupancy rule</p>
<b>Changes Planned for 2014/15</b>	<p>Changes are expected in the specialist area of housing benefit for customers in supported housing. Details are yet to be released but it is expected that changes will take effect during 2014/15 and that these customers may not have their housing costs covered by UC but may remain with the local authority.</p> <p>The introduction of a local support service framework.</p>

The latest data from Registered Providers (RPs) and the Council tell us that (without the discretionary housing payments) almost 4,000 households in the borough are affected by the under-occupancy rule and approximately 265 are affected by the introduction of the benefit cap. In the case of the under-occupancy rule (known as the “bedroom tax”), tenants are required to cover the gap created by a reduction in housing benefit. Those affected by the benefit cap will experience a reduction in their housing benefit payments to ensure that the total amount of benefit received remains below the cap.

### **Under-Occupancy Rule (‘the bedroom tax’)**

The reduction in benefits resulting from the under-occupancy rule is determined by the extent to which the household is deemed to be under-occupying a property (i.e. by either by one, two or more bedrooms). The reduction is applied to the full rent amount which is used to calculate how much housing benefit individuals are entitled to.

At the time of introduction 80% of the households affected in Walsall (3,578) were subject to a 14% reduction as a result of having one extra bedroom, with the remaining 20% (757) being subject to a 25% reduction as a result of having two or more extra bedrooms. By April 2013, today's figures show that these have reduced to 3,039 and 587 respectively as support from the Council and RPs has assisted affected tenants to either move or get work.

Based on the average weekly housing benefit award for social tenants in Walsall<sup>2</sup> and assuming that tenants remain in their existing properties, these reductions result in a loss of £50,000 in benefit payments to the Walsall economy on a weekly basis, equating to a significant loss of £2.6m on an annual basis (when discretionary housing payments are excluded).

<b><i>Estimated Benefit Payment Loss by banding of reduction</i></b>			
	<b>No. households</b>	<b>Weekly loss Walsall £</b>	<b>Annual Loss Walsall £</b>
14% reduction	3,163	35,308	1,836,037
25% reduction	743	14,811	770,164
<b>Total</b>	<b>3,906</b>	<b>50,119</b>	<b>2,606,200</b>

*Source – Walsall Borough Council and ekosgen based on DWP data*

As the changes only apply to working age households, pensioners are automatically excluded. Other cases which are excluded from the above table are:

- Shared ownership.
- Boats, caravans and mobile homes.
- Homeless temporary accommodation.
- Supported accommodation .
- Households with a severely disabled child who may need a room of their own.

<sup>2</sup> A weighted average has been derived from Walsall specific data for the social rented sector published by the Department of Work and Pensions in August 2012.

**Case study:** *Miss B has two children aged 5 and 6, a boy and a girl. Miss B is a lone-parent receiving JSA. She was affected by the Bedroom Tax as her two children can share a room until the eldest is 10 years old. Her son has severe behavioural problems and is violent towards his sister at night. He had difficulty going to sleep and needs a room of his own. Work was undertaken with Miss B and DLA care and mobility have been awarded for her son. She now qualifies for a separate bedroom due to her son's disabilities and so is no longer affected by the under occupancy rule.*

### **Benefit Cap**

The benefit cap was introduced in Walsall in September, 2013. It applies to the combined household income from the main out-of-work benefits, plus Housing Benefit, Child Benefit and Child Tax Credit.

The cap is £500 per week for couples and single parents and £350 per week for single adults. In the first instance, the cap will be administered jointly by DWP and local authorities through deductions from Housing Benefit payments. Over the longer term it will form part of the new Universal Credit system.

**Case Study:** *A couple with 5 children living in a WHG property. Their income is income support, child tax credit, child benefit and carer's allowance, totalling £487.25 plus housing benefit. The cap reduced housing benefit to £7.75 per week meaning that they had to find £88.33 per week towards the rent.*

During 2013, Jobcentre Plus locally undertook some joint work with Walsall Local Authority that looked at the support required to Walsall residents who were due to be affected by the introduction of the benefit cap in 2013. The piece of work looked at the tailored support required for these residents.

Based on data held by the Council in October 2012, the benefit cap resulted in a weekly loss of £12,940 in Walsall. This is equivalent to a loss of over £672,000 per year (when discretionary housing payments are excluded). The table below sets out the number of households that are affected, and the reduction in the amount of benefit received each week.

## October 2012

<b><i>Households affected by benefit cap by banding of loss</i></b>			
<b>Banding of loss per week*</b>	<b>No. households</b>	<b>Weekly loss Walsall £</b>	<b>Annual Loss Walsall £</b>
£0-£9.99	38	£190	£9,880
£10-£19.99	42	£630	£32,760
£20-£29.99	23	£575	£29,900
£30-£39.99	11	£385	£20,020
£40-£49.99	31	£1,395	£72,540
£50-£59.99	19	£1,045	£54,340
£60-£69.99	17	£1,105	£57,460
£70-£79.99	10	£750	£39,000
£80-£89.99	33	£2,805	£145,860
£90-£99.99	8	£760	£39,520
£100+	33	£3,300	£171,600
<b>Total</b>	<b>265</b>	<b>£12,940</b>	<b>£672,880</b>

*Source – Walsall Borough Council and ekosgen \* The mid point of the banding is used to estimate the weekly and annual loss*

Current data show that there are currently 153 households in the borough affected by the benefit cap. This reduction has come about as a result of changes in peoples circumstances that take tem below the cap threshold. For example, a child leaves the home, moves out of the area or starts work. All of the capped customers have been given support from the Councils specialised team who have worked in collaboration with Jobcentre Plus, RPs and the troubled families team.

## March 2014

<b><i>Households affected by benefit cap by banding of loss</i></b>			
<b>Banding of loss per week</b>	<b>No. households</b>	<b>Weekly loss Walsall £</b>	<b>Annual Loss Walsall £</b>
£0-£9.99	21	£120	£6,217
£10-£19.99	27	£386	£20,068
£20-£29.99	8	£212	£11,023
£30-£39.99	11	£396	£20,591
£40-£49.99	22	£1,001	£52,057
£50-£59.99	8	£426	£22,161
£60-£69.99	9	£567	£29,480
£70-£79.99	4	£295	£15,362
£80-£89.99	16	£1,377	£71,598
£90-£99.99	11	£1,028	£53,449
£100+	16	£2,010	£104,543
<b>Total</b>	<b>153</b>	<b>£7,818</b>	<b>£406,551</b>

### **Localisation of support for Council Tax**

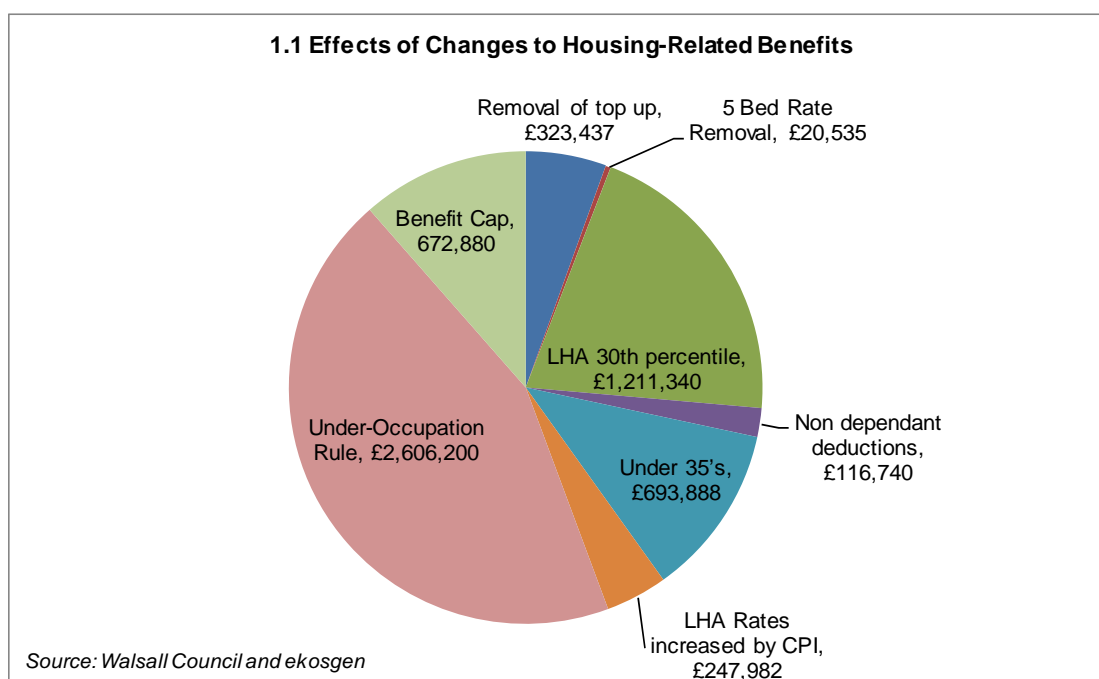
The localisation of support for Council Tax is estimated to result in an annual loss of £3m to the Walsall economy. In 2013/14 the decision was taken to adopt a localised council tax support scheme that replicated the previous council tax benefit scheme. This was at a single cost of £3.3m. The scheme was extended for a further year on 13 January 2014. This localised support has been funded by drawing upon the Council's resources. This change can therefore be removed from the overall impact at this stage in terms of its effects on individuals. However, to continue supporting local people the Council has allocated funding of £2.84m in the 2014/15 budget which would, as a minimum, need to be repeated in subsequent years to maintain support. **The working group were supportive of the scheme being delivered by the Council but expressed concern about the sustainability of maintaining it in the context of the authority having to save an estimated £108m over the next five years.**



## Overall Impact: Housing Benefit Reform

The overall direct financial loss is significant – estimated at around £5m in Walsall (this figure does not include support for Council Tax). A small percentage (10%) of this impact will be offset by Discretionary Housing Payments totalling £590,754. This will be distributed to some households affected the benefit cap or under-occupation rule.

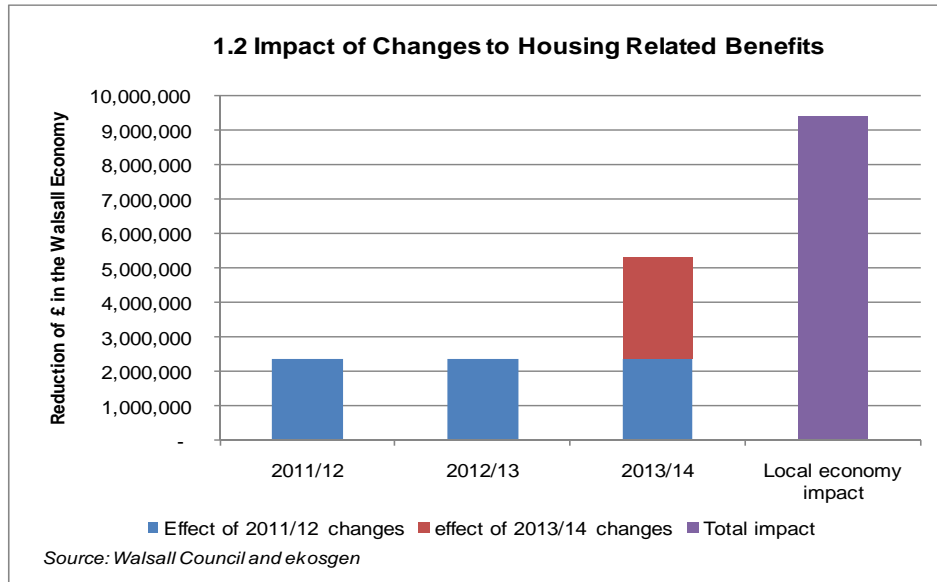
These losses will be distributed across both working and workless households which are eligible for Local Housing Allowance (LHA) and Council Tax benefit. The relative effect of each of the changes is shown in chart 1.1, below. The timescale over which the impacts will be felt in the Walsall economy is presented in chart 1.2.



The summary findings for the impact of housing benefit reforms:

- With the council adopting a localised council tax support scheme that replicates the previous council tax benefit scheme, the implementation of the under-occupation rule has had the largest impact, with a loss of up £2.6m (before discretionary housing payments are allocated).
- This is followed by reducing the rate at which local housing support is provided from the median rent level in the area to the 30<sup>th</sup> percentile, with an estimated loss of £1.2m.
- Up to 13,000 claimants will be affected by the changes to LHA.
- Before discretionary housing payments are issued, the combined income of over 3,900 households could be affected by the occupancy rule and over 260 by the benefit cap.

- The impact of the changes will be felt particularly in 2013/14 when the changes to LHA rates are introduced alongside the occupancy rule and the benefit cap.
- The direct financial impact of the changes is estimated to be around £5.30m, leading to a local economy impact of £9.38m by 2013/14.



### Implications of Housing Benefit Reform for Walsall Borough Council

Overall, there are a number of potential implications for the Council resulting from the changes to housing related benefits, including:

- Possible implications for the level of homelessness as more households fall into arrears as a result of the under occupancy rule or are unable to find a suitable property within the new LHA limits
- Destabilising effect on neighbourhoods as the under-occupancy rule leads to higher rates of turnover within the social housing sector
- Likely increase in the number of young people without a permanent residence due to affordability.

### Implications of Housing Benefit Reform for Partners

The working group met with a selection of Registered Providers (RPs) to discuss the effects of the welfare reforms on their operations.

Unsurprisingly, the reform having the biggest impact was the under occupancy rule. The working group learned how thousands of local residents were affected and what RPs were doing to help.

The table below sets out the number of housing benefit claimants and those affected by the welfare reforms:

Payee Name	Current Active Claim Count	Pensioner Household count	Working Age Household count	Benefit Cap	Bed Tax - 14%	Bed Tax - 25%
WHG	13,703	4,712	8,991	66	1,946	465
Caldmore/Accord	2,752	687	2,065	15	349	50
Watmos Community Homes	1,133	320	813	1	398	18
Friendship Care & Housing	846	284	562	2	125	26
Mercian Housing Association	226	47	179	1	38	5
Midland Heart Ltd	164	45	119	0	17	0
Bromford Group	135	7	128	2	38	6
Heantun Housing Assoc Ltd	77	21	56	0	2	0
Sanctuary Housing Association	49	1	48	0	5	0
Nehemiah Ucha	41	18	23	1	4	1
Housing 21	29	19	10	0	2	0
Hanover Housing Association	29	23	6	0	0	0
Waterloo Housing Association	21	5	16	0	6	0
Jephson Housing Association	19	2	17	0	7	0
Paddock Housing Co-Op Ltd	17	2	15	0	3	1
Black Country Housing Group	13	0	13	0	5	0
Harden Housing Assoc (Mids)Ltd	12	3	9	0	2	0
Family Housing	1	0	1	0	1	0
Advance Housing And Support Ltd	1	0	1	0	0	0
Private Sector Count	7,616	2,181	5,435	62	0	0
<b>Total active HB claims</b>	<b>26,884</b>	<b>8,377</b>	<b>18,507</b>	<b>150</b>	<b>2,948</b>	<b>572</b>

The working group were pleased to learn that RPs were making a substantial effort to help their customers affected by the under-occupancy rule. There had been no evictions directly related to this benefit change. This was due to a number of factors including a range of tenant support measures and changes to exchange policies. A major factor in the current mitigation of the impact of the under-occupancy rule was discretionary housing payments (DHP) awarded to some tenants and the flexible approach being taken by the Council to supporting residents across a broad range of their needs. The value of DHPs to one RSL was over £100,000 per year. RPs feared the future loss of DHPs as they felt it would inevitably lead to an increase in rent arrears.

A majority of tenants affected by the under occupancy rule were electing to stay in their property and pay the additional rent. Whilst many were paying without difficulty there were concerns about the sustainability of this approach for some tenants. There was anecdotal evidence that some tenants were using savings or borrowing money from family, friends and door stop lenders to meet the shortfall in their housing benefit. RPs were employing money advisors to help tenants budget and manage the changes. One RP was assisting tenants change energy tariffs to create additional financial capacity but noted that these changes would have a short term impact. **The working group expressed concern about the potential long term impact that maintaining unaffordable tenancies could have on tenants who were**

**borrowing money to stay in their homes. Members were pleased to hear of the efforts being undertaken by RSLs to support tenants with the changes, in addition to the Council's own support which is featured later in this report.**

In other cases tenant's circumstances are such that it would be inappropriate for them to move. In one example presented to the working group a tenant lived in a specially adapted property with a lift, situated in one of two 'spare' rooms. In another case a tenant with a serious, but as yet undiagnosed, neurological condition wanted to retain a 'spare' room to allow children from a former relationship to stay with him. As a consequence he is living on a very limited diet to meet the housing benefit shortfall from his benefit entitlement.

There are a number of residents affected by the under occupancy rule living in two bedroomed flats who are unable to downsize to a smaller property as there is limited availability of one-bedroomed housing stock in the borough. This presents a challenge as, whilst many of the tenants would wish to stay in their two bedroomed properties, they cannot afford to do so and have no realistic opportunity to downsize. RPs were considering how best to tackle this challenge moving forward, including the potential to build additional one bed units. However, RPs were cautious of this approach as previous strategic property decisions had seen the removal of one bedroomed stock in favour of larger units. **The working group note this approach and suggest that RPs work in partnership with each other to consider a borough wide approach to this challenge.**

In terms of arrears RPs were concerned about the introduction of Universal Credit which would see all means tested benefits, including housing benefit, paid in one monthly instalment. Individuals would then be responsible for paying for services themselves. RPs were concerned that some would be unable to budget effectively and would get themselves into debt rather than use it for its intended purpose.

Looking forward RPs were very concerned about the potential impact of a 'perfect storm' of benefit changes, cuts and sanctions combined with the loss of support measures such as discretionary housing payments, council tax support and crisis support, due to further public sector budget reductions. A combination of all these factors would be likely to have a considerable impact on the poorest and most vulnerable in the borough.

### **Housing Benefit – Working Group Summary**

*Welfare reforms in this area are having a damaging impact on local residents.*

*The Council and its partners have worked well to limit the impact of housing benefit reforms. DHP is playing a strong role in supporting residents and local landlords. The Council has shouldered a multi-million pound burden to protect residents from cuts to Council Tax benefits.*

*The working group are pleased with the response of local agencies in this area but have concerns about the potential impact on the most vulnerable should financial support for Council Tax and through DHPs be lost.*

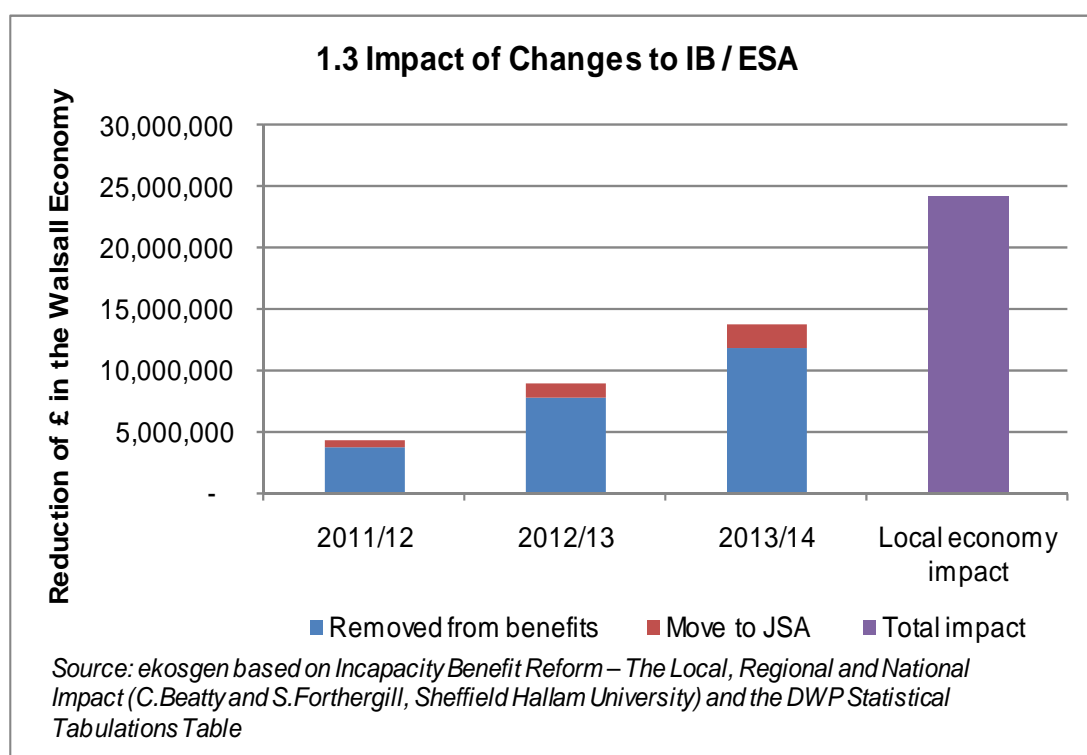
## Changes to Incapacity Benefit (IB) / Employment and Support Allowance (ESA): Initial Estimates of Impact

As at January 2012 data showed that there were over 13,000 IB / ESA claimants in Walsall, at this time it was predicted that by 2014 the new measures would lead to:

- 5,100 fewer IB / ESA claimants in Walsall
- 3,000 claimants being entirely removed from the benefit system entirely
- 1,500 more people claiming JSA
- 4,500 more residents engaged with compulsory labour market programmes, through participation in the Work Related Activity Group.

Around three-quarters of IB / ESA claimants in Walsall are receiving benefit payments<sup>3</sup>. It was assumed that the changes would not affect this group disproportionately it was predicted that, approximately 2,200 of these beneficiaries would be removed from the benefits system entirely and 1,100 will move onto JSA (receiving a reduced weekly payment).

These predictions result in a loss of £13.7m in benefit payments to the Walsall economy by 2013/14 (as shown in chart 1.3),



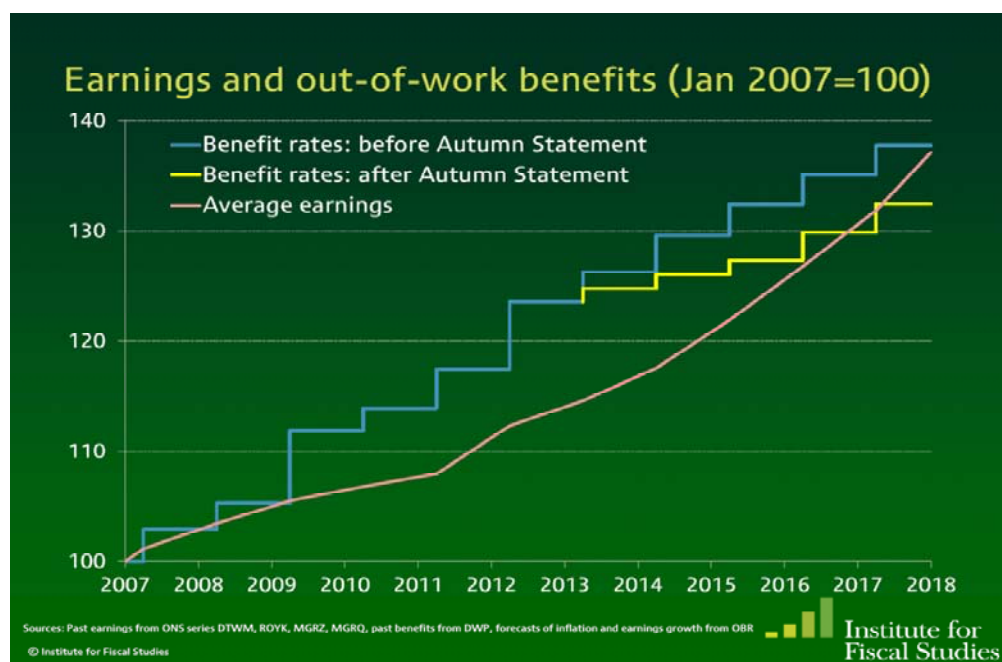
<sup>3</sup> The remainder do not receive payment and instead receive National Insurance Credits (largely as a result of having made insufficient National Contributions in previous years)

The loss of £13.7m was calculated assuming that the flow of claimants off IB / ESA and onto JSA or off benefits altogether remains stable between 2011/12 and 2013/14. In particular:

- £11.8m of the loss was expected to be due to people being removed from the benefits system altogether.
- £1.8m was predicted to be due to the lower levels of benefits received by claimants moved from IB / ESA to JSA.
- The total impact on the local economy was expected to be over £24.2m.

The figures were calculated assuming that benefits would increase annually in line with the consumer price index. It should be noted that with inflation expected to be 2.2% in 2013/14, the announcement in the Autumn Statement that benefit increases will be limited to 1% over the next three years will result in a real-terms cut for claimants – estimated at 4% by the Institute of Fiscal Studies - with the increase in benefits failing to keep pace with the cost of living<sup>4</sup>. Given that this cut will apply to Job Seekers Allowance, IB/ESA, Income support and some elements of the Child Tax Credit, Working Tax Credit and post 2014 Child Benefit, there will be a further impact on both working and workless households and individuals across the Borough. Further to this is the Chancellors recent announcement on a cap on total Government spending on welfare.

***The working group recommend that further analysis of the latest data is undertaken to ascertain whether these predictions for 2014 happen.***



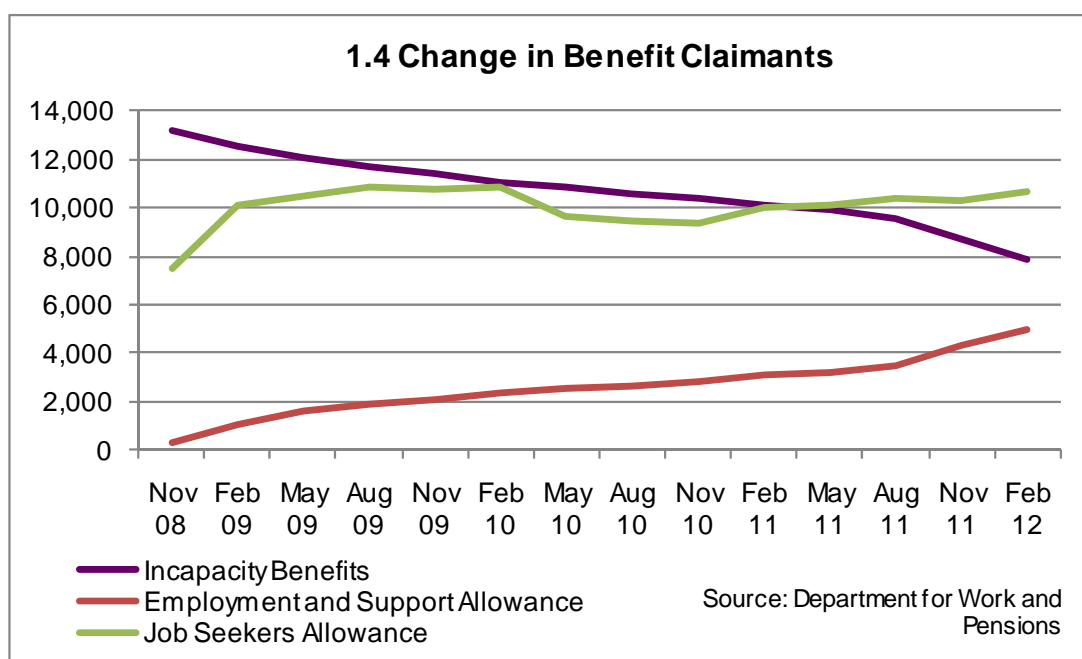
<sup>4</sup> Institute for Fiscal Studies, Personal Taxes and Benefits, Stuart Adam

## Changes to Incapacity Benefit / Employment and Support Allowance: Emerging Trends

The impact of the changes was evident in data available from the Department for Work and Pensions in February 2012. As shown in chart 1.4 below, the number of Incapacity Benefit claimants reduced significantly since the changes began in 2008, from 13,150 to 7,860, representing a 40% reduction. At the same time:

- The number of Employment and Support Allowance claimants have increased as new claimants, or pre-2008 IB or Severe Disablement Allowance (SDA) claimants, have been tested/re-tested and become eligible for financial support through this route;
- The number of Job Seekers Allowance claimants has fluctuated, partly as a result of the current economic climate with employment opportunities continuing to be limited and partly a result of pre-2008 IB and SDA claimants failing to qualify for ESA and being routed onto other benefits, such as JSA.

It is also expected that there will also be claimants who will be entirely removed from the benefit system, although as data is not publically available on the specific transfers between benefits it is not possible to measure the change to date.



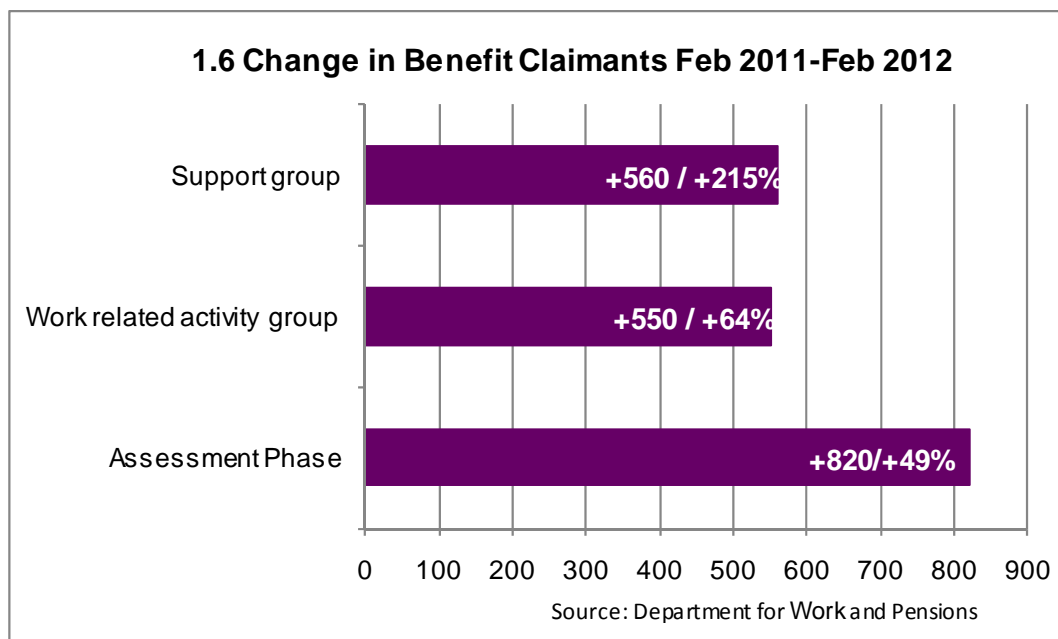
As at August 2013 there were 8,950 ESA claimants in the borough and 3,160 remaining IB recipients. The IB re-assessment phase is scheduled to be complete by April 2014.

Further change in these trends will be driven by a number of factors including:

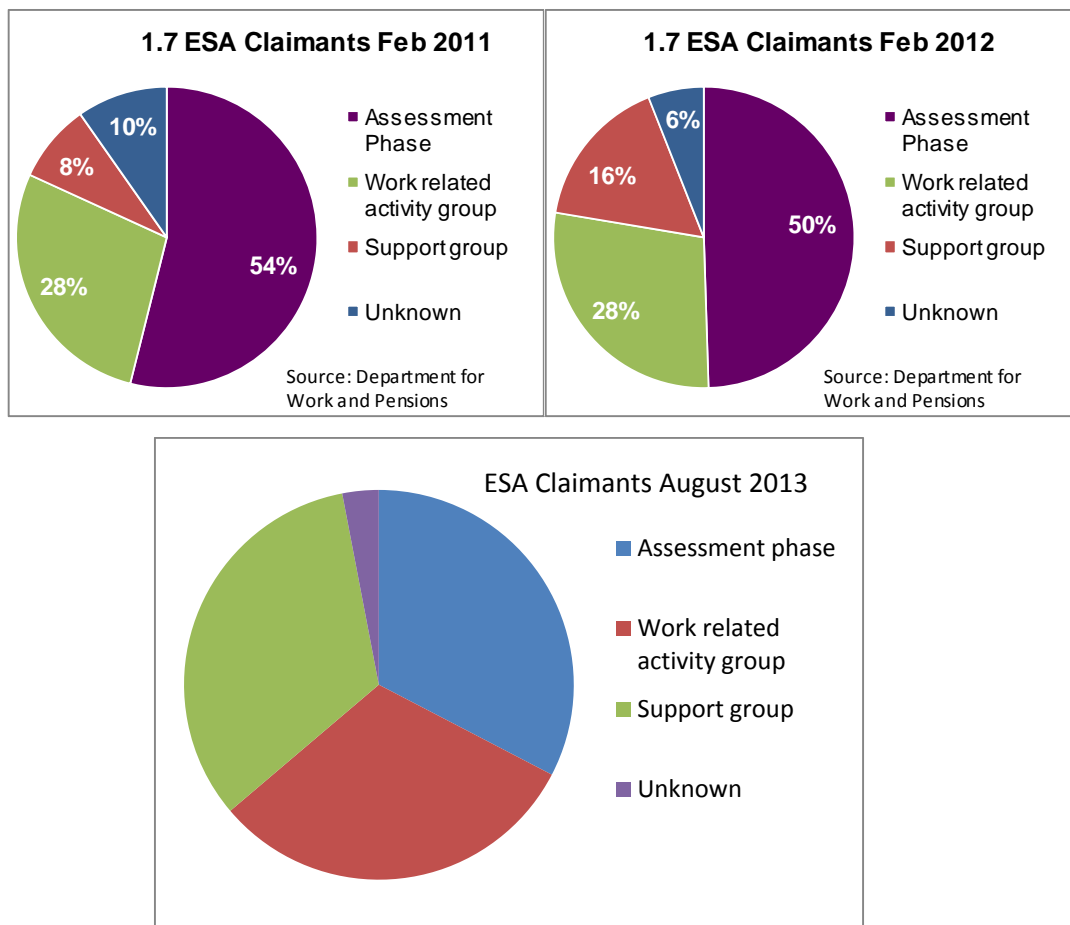


- Continued re-testing of pre 2008 IB and SDA claimants – all existing claimants will have been re-tested by March 2014
- Re-routing of claimants after the assessment phase and following work related activity groups.

As would be expected, since February 2011 the largest increase has been the number of claimants at the assessment phase (as shown in chart 1.6 overleaf). In actual terms the net increase in the number of people re-routed to the support group (deemed to have sufficiently serious health problems or disabilities to receive unconditional support) and the work related activity group (who will receive a temporary benefit before returning to work) has been similar. Although in proportionate terms the increase in the number of claimants in the support group has been much more significant.



This has resulted in a slight shift in the profile of ESA claimants as shown in chart 1.7 below, which is expected to continue to change as the rollout of Employment and Support Allowance progresses.



Overall, there are a number of potential implications for the Council resulting from the changes to Incapacity Benefits and Employment and Support Allowance, including:

- An increase in the number of people requiring support to enter employment, drawing on council-supported services.
- Increased competition within the labour market pushing those currently on the margins of employment towards increasingly insecure employment / unemployment churn
- Increased caseload for organisations working with JSA claimants e.g. work programme contractors.

## **Impact on partners**

The most striking example of the impact on partners comes from Walsall Citizens Advice Bureau. In 2010-11 the bureau dealt with 2,020 enquiries (9.2% of all benefit enquiries) about ESA. Between April 2013 and February 2014 this had risen to 6,848 ESA related enquiries (24.7% of all benefit enquiries).

The bureau receive a wide range of enquiries about entitlement and the claims process. A high proportion of these enquiries are from clients who need help to complete Form ESA 50. This is a 21 page questionnaire that customers are required to complete as part of the process to assess their capability for work.

The bureau has also seen a large increase in the number of customers wanting to appeal decisions that they are considered capable of work following a work capability assessment with ATOS, the healthcare organisation contracted to undertake assessments for DWP.

Between April 2013 and February 2014 the bureau received 361 requests for help with ESA appeals in respect of capacity for work. An assessment of merit is undertaken at the beginning of each case and outcomes for the first half of the financial year show an 89% success rate at tribunal.

The bureau is also being asked to appeal decisions where clients are placed in the 'work related activity group' rather than the 'limited capacity for work' group for people with more serious health conditions.

It is important to note that the SWP introduced a mandatory reconsideration process for reassessments in 2013. This process has to be completed before an appeal can take place.

## **Incapacity Benefit / Employment Support Advice – Working Group Summary**

*The fact that ESA is the largest source of requests for support to Walsall CAB demonstrates the impact it is having on local people.*

*The working group were pleased with the support being offered by the CAB and the assistance it provided to residents with form completion and appeals.*

*The working group note Council also provides assistance through its welfare rights team as part of the Money, Home, Job Service. The CAB and the Council recognise the need to work more closely together to provide a better service and avoid duplication.*

*Moving forward the working group wish to see continued partnership working to assist residents with the changes to benefits in this area.*

## Effects of Other Changes to the Tax and Benefit System

A large number of other changes are planned within the tax and benefit system over the coming years. The introduction of the Universal Credit could be the most significant.

In advance of Universal Credit, a number of other changes are being made to the tax and benefit system which will have a significant impact on the lives of people in Walsall. This includes the 1% cap on working age benefit increases over the next three years which, as set out in previous section, will impact on both working and workless households and individuals across the Borough.

These changes have been analysed by the Institute for Fiscal Studies at the end of 2012, with the analysis updated at the end of 2012 following the Autumn Statement. They include:

<b>Changes made in 2011/12</b>	<p>The income tax personal allowance increased by £1,000 in cash terms to £7,475 for the 2011–12 tax year</p> <p>Increases in all National Insurance rates and increases in the thresholds at which employees' and employers' National Insurance start to be paid</p> <p>An increase in the standard rate of VAT to 20%</p> <p>Cuts to tax credits; in particular a three-year freeze in the basic and 30-hour elements of the Working Tax Credit, an increase in the rate at which tax credits are withdrawn as income rises, the abolition of the baby element of the Child Tax Credit and the withdrawal of the family element of the Child Tax Credit from £40,000 rather than £50,000. These are partly offset by an increase in the child element of the Child Tax Credit</p> <p>A three-year freeze in Child Benefit rates</p> <p>The use of the Consumer Prices Index (CPI) to index benefit amounts each year rather than the Retail Price Index (RPI).</p> <p>Increase in VAT for 17.5% to 20%</p>
<b>Changes planned for 2012/13</b>	<p>A further increase in the income tax personal allowance to £8,105</p> <p>Reductions in contracted-out rebates in National Insurance</p> <p>A further lowering of the point at which the family element of the Child Tax Credit starts to be withdrawn</p> <p>An increase in the number of hours couples with children need to work to be eligible for the Working Tax Credit from 16 to 24</p> <p>Changes to the way in which tax credit awards are recalculated when a family's income changes during the year which make the system less generous to such families</p> <p>The withdrawal of child benefit from families containing a higher-rate taxpayer from January 2013.</p>
<b>Changes planned for 2013/14 and 2014/15</b>	<p>A medical reassessment of Disability Living Allowance claimants that is forecast to reduce the caseload by 20%.</p> <p>Existing claimants of benefits and tax credits will start to be transferred to Universal Credit from April 2014.</p> <p>A 1% cap on annual working age benefit increases for the next three years as announced in the 2012 Autumn statement, rather than consumer prices Index rate of inflation (expected to be 2.2% in 2014/15). This applies to Job Seekers Allowance, Employment and Support Allowance,</p>

<b>Changes planned for 2013/14 and 2014/15</b>	<p>Income Support and some elements of the Child Tax Credit and Working Tax Credit.</p> <p>Child Benefit will continue to be frozen in 2013/14, and will then rise by 1% annually for two years from April 2014.</p> <p>Introduction of benefit cap (expected September 2013) – there will be a cap on the total amount of benefit a working age household can receive based on the average working family income after tax (expected to be £500 a week for families and £350 a week for single people). The cap will be jointly administered by DWP and local councils first of all, with councils required to reduce Housing Benefit payments until the cap is reached. In the longer term it will form part of the new Universal Credit System – new claims to Universal Credit will be subject to the cap from October 2013.</p>
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## Universal Credit

Universal Credit is:

- A single payment bringing together different types of means tested benefits (including Working Tax Credit, Child Tax Credit, Housing Benefit, Income Support, income-based Jobseekers Allowance and income-based Employment Support Allowance)
- Payable to those both in and out of work and therefore intended to smooth transition into work
- To be introduced for new working age claimants from October 2013 and full transfer of all claimants completed by 2018

The IFS analysis carried out at the end of 2011 suggested that the move to Universal Credit would offset some of the worst impacts of the changes for low income families, although given that the full transfer would not be complete until 2018, there would be a significant transitional period in which families are badly affected by the changes.

The updated analysis concluded that ‘universal credit will be less generous to in-work claimants than previously planned’, again highlighting that the impact of the benefit regime changes will be felt by working as well as workless households in Walsall. In particular the analysis noted, that while single people without children would gain (in comparison to previous impact estimates), couples without children and home-owning couples with children would lose.

The table below sets out the estimated impact on the disposable income of households<sup>5</sup> in the transition period and the extent to which there will be a significant impact on the Walsall economy.

<sup>5</sup> Before Housing Costs – Based on data included in DWP Households below Average Earnings Analysis 2009/10. Data is not available on average gross income by household typology.

<b>Impact on Key Household Groups</b>				
Affected Household Group	Number in Walsall	% in income	Financial Impact	Local Economy Effect
Families with children	22,500	-8%	-£48.48m	-£85.82m
Lone Parents	9,000	-9%	-£13.47m	-£23.85m
Working age without children	41,300	-6%	-£78.78m	-£139.45m
Pensioners	30,000	-1%	-£8.10m	-£14.34m

*Source – ekosgen based on data contained in the IFS report*

The overall impact on disposable household income will be considerable and the 8% reduction in household income of families with children will affect tens of thousands of young people. The scale of the reduction will have a demonstrable impact on the local economy, further adding to the challenge of sustaining local employment.

The IFS in its more detailed analysis has identified the extent to which particular groups will be more severely affected than others. These include:

- Families are going to be hit harder than pensioner households and working age households without children.
- Non-working lone parents will see income fall by over 10% on average.
- Non-working couples with children also likely to see income fall by 11%.
- Large families (e.g. ethnic minorities) will be hit harder

There are a number of potential implications for the Council, including:

- Increase in number of people requiring emergency / hardship support
- Increase in the number of children in poverty (particularly in larger / BME families)

The working group also picked up a potential anomaly for self employed residents eligible to receive UC. As UC is assessed on a month-by-month basis, as opposed to an annual basis under the current tax credits system, self employed residents will be subject to a bureaucratic challenge and be required to hold two separate accountancy procedures. One monthly set, for the DWP and UC, and an annual set for HMRC and statutory tax returns. This will place significantly increase costs in time to individuals and potential increase business costs if an accountant is employed.

### Implementation of Universal Credit

It has been widely publicised that the piloting of Universal Credit has experienced a number of difficulties and delays. The DWP are concentrating on the North West pathfinder areas with scope to expand claimants from single 'clean' individuals to couples families within the next two years. By 2016 all new benefit claims will be closed and the benefit claimant will then

automatically be in receipt of Universal Credit. Most existing claimants will be migrated onto Universal Credit by 2016 – 17.

### *Local Support Services Framework*

The Governments local support service framework sets out how the DWP, local authority and other partners should work together over the next few years to test different arrangement for partnership working, financial management, the effective delivery of front line services and other specific aspects. It also sets out what local authorities and Jobcentre Plus can do to prepare for the introduction of Universal Credit.

### **Disability Living Allowance and the move to Personal Independence Payments (PIP)**

The Disability Living Allowance was replaced by a new Personal Independence Payment (PIP) . From 10 June 2013 new PIP claims were taken from all parts of the country.

From October 2013 existing DLA claims were reassessed for PIP. Between October 2013 and March 2016 claimants with existing fixed term DLA awards that expired after the end of February 2014 will also need to claim PIP, as will young people turning 16.

Between October 2015 and 2018 all remaining eligible claimants in receipt of a DLA award will be asked to make a claim for PIP. DWP plans to have contacted everyone by 2018.

### Impact

Face to face medical assessments have been introduced as part of the assessment process for PIP and the bureau has seen an increase in enquiries, due to delays in this process.

The delays are clear from the Governments interim management figures which show that by December 2013, 229,300 applications had been submitted (excluding claims for terminal illness) but only 34,200 awards had been made.

The working group heard from the CAB that clients are routinely waiting 3-6 months for claims to be processed. Where a claim is successful it is backdated. If unsuccessful further delays are caused by the new Mandatory Reconsideration process which must be requested before an appeal can be made.

The CAB also works with customers with life limiting conditions and terminal illness in partnership with the Palliative Care Centre. Customers with terminal

illness are dealt with under a special rules fast track procedure and a claim for PIP should be processed within 10 days when made on form DS1500 issued by a GP, or Consultant. The introduction of PIP has caused problems as these claims are taking longer than previously. PIP claims under special rules were, in some cases taking 6 weeks, with some patients passing away before receiving their benefit.

The CAB is also now beginning to see customers with existing awards of DLA being reassessed under the new PIP rules and are asked by customers to assist them to complete the 19 page PIP claim form.

The budget for PIP has been cut by 20 per cent from its previous level for DLA. It is therefore estimated that around one in six current DLA claimants will not qualify for PIP. 500,000 people are expected to lose benefits by 2015-16. The CAB believe that it is probable that they will see an increase in customers wanting help with a Mandatory Reconsideration or an appeal where they have previously been awarded DLA and are either refused PIP, or awarded PIP at a lower rate.

### **Impact on the Council and its partners**

Whilst Walsall has not been a pilot area for UC there is still some scope for learning from the implementation experience in other areas.

In March 2013 Citizens Advice established a Managing Migration pilot to understand the level and nature of support that CAB clients will need in making the transition to UC. The project collected data from over 1,700 'universal credit' relevant clients and the findings are as follows:

- 90% clients who will claim UC in the future will need support to manage the transition in at least one of the following 5 areas:
  - 73% of participants needed help with monthly payments
  - 77% needed help with budgeting
  - 52% needed help with banking
  - 81% needed help to stay informed
  - 66% needed help to get online

It is clear that the Government expect the Council and its partners to provide this advice and assistance to residents.

### **Other changes – working group summary**

*As evidenced by the above data from Citizens Advice, benefits recipients are going to need support to transition to UC. The working group were pleased to hear that the Council and its partners were already planning how to work with local communities to successfully transition to these arrangements.*

*The working group were concerned as the proposition for UC is built upon the assumption that UC claimants will be provided with help to apply and manage*



*the online application process. The expectation is that the local authority and other affected partners will take on this role as no national level support will be available during a period of huge transition. It is anticipated that no additional funding will be available to help meet this surge in demand at a time when the Council in particular will be expected to be making significant funding reductions. The working group were uneasy about how the Council and its partners could take on increased costs to provide this service during a time of reducing funding.*

*But a smooth transition is vital as RPs are already expressing concerns about the potential for rent arrears to increase should UC recipients not budget adequately.*

*Changes to DLA are also beginning to affect local communities. Large backlogs with applications appear to be pushing the impact of these changes into future years. The Council and its partners need to be ready to support residents through these delays and changes as the potential impact whilst currently unknown could be significant.*

## Changes to funding Social Care

The Coalition Government commissioned a working party, chaired by Lord Dilnot to come up with a solution as to the future of Social Care. Dilnot produced a report with firm recommendations in 2012. A version of his recommendations (but not the exact recommendations) have now been included in the Care Bill which is currently under its third reading in the House of Commons. It is still subject to amendments and the accompanying guidance which accompanies legislation is due to be published May 2014. It is not yet known therefore, what the final proposals will look like.

### Dilnot Proposal

Lord Dilnot's Commission recommended that a cap be imposed setting a maximum amount that anyone should have to pay, in their lifetime, towards the costs of their social care. He recommended that the cap should be put at £30,000. This would cost the Treasury an additional £3 billion (rising to an additional £6 billion by 2020), as it meant that all people who were currently self-funders would have their care costs met after they had spent £30,000 and even those who made a contribution to their means tested costs would be set an upper limit of £30,000.

### The current proposal

In the current draft of the Care Bill the Government has re-set the cap at £72,000. The cap would only apply to the **costs of the care** a person received – not to their housing or hotel costs if they were in residential care which they would still have to meet themselves (from their own means or from benefits or paid for by the local Council). This means that an older person would have about 6 years in a care home before they would be entitled to free care (the average stay for an older person in a care home is less than 3 years) or about 8 years of care – which is more than most older people need at the end of their lives.

### Local Impact

The main beneficiaries of these proposals are wealthier older people who would otherwise have had to meet the full costs of their care. There are a small proportion of older people living in care homes in Walsall who currently pay all of the costs and who may benefit if they have been in the care home for more than 6 years. There is also some discussion about whether this change in the law might benefit all younger adults who receive longer term social care support – it is possible that in future they will receive all of their services free of charge (the end of means testing or benefits based charging for them in Walsall). This would lead to a significant loss of income to Walsall Council who would have to make up the difference to meet care costs (in addition to the savings that they already have to meet).

In legal terms there are also new requirements placed on the Council. Each resident who wants the cap to apply their care costs is required to have a full assessment of their care needs and how these needs can be met that would

be undertaken by the local Council. This has a risk of increasing the number of assessments (and therefore the costs). This is not seen as a likely major challenge in Walsall for two reasons: the number of potential self funders is not excessively high and older people in Walsall already get free services through Intermediate Care (reablement). As a result assessments already take place before people are means tested. The new complication is that each person who receives care will have a personal account maintained which can calculate for them how much money has been spent on their care. This can inform them of when they may be eligible for free services. There will be requirements for a new information system to hold this information and customers may be able to get an annual statement of their expenditure on social care.

Work will be undertaken over the coming months to establish more clearly the financial risks for Walsall in the changes – should the Care Bill become law. The main impact is likely to be the loss of income from Younger Adults that the Council has received in the past from its ability to raise charges through means testing. This could have a serious impact on the funding of adult social care. On the other hand this could be seen as a positive development for younger disabled adults as it puts more money direct into their pockets.

The Chancellor announced within the current settlement for local government that the costs of introducing the Care Bill will be met through existing grants – so there is no new money to cover the costs.

## Conclusion

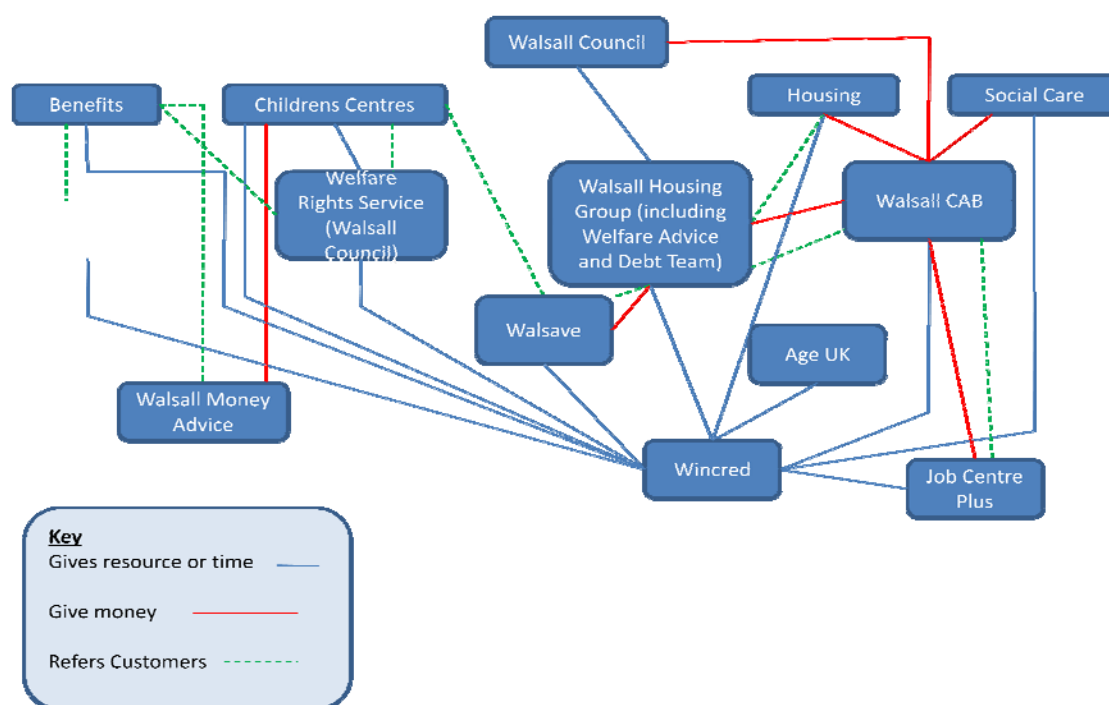
The recommendations of the Dilnot Commission have been watered down by the Coalition Government which means the cap on the costs of care has been set very high and will only apply to a limited number of customers – unless the Government also make the services free (no charge) for younger adults. The latter will cost the Council money in Walsall which is not being funded by new monies.

A Member of the working group felt that an alternative approach was required. The Member suggested that lobbying should take place to continue with the current 'sum not taken into account' approach for social care costs. This should be set at a fair value to protect the assets of all older residents from being swallowed up by expensive social care and hotel costs.

## Welfare Support and Advice

The welfare reforms are also impacting on the Council and its partners as local residents seek out support and advice to assist them in adjusting and understanding the reforms as well as assistance to mitigate the impact.

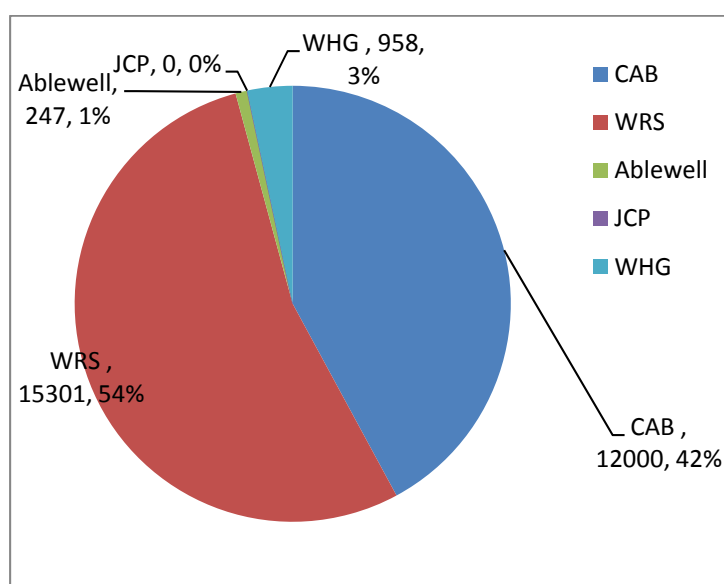
There are a large variety of sources for welfare advice and support in Walsall with a variety of complex relationships between organisations. The illustration below provides an analysis of the web that connects organisations:



The welfare reforms have seen an increase in the demands placed on the system. This has been recognised and a joint piece of work has been taking place between the Council, Ablewell Advice Centre, Citizens Advice Bureau, Jobcentre Plus and WHG to establish demand and the needs of customers.

This work has indicated that 28,506 customers requested welfare advice and support in 2013. The study revealed that customers often present themselves to more than one organisation for support. That said, the numbers still indicate the level of demand being placed on the partnership as well as the potential to improve service to customers by ensuring they can access the right advice at a single source rather than visit several sources with the same enquiry.

## Number of customers hitting the system



CAB	12000
WRS	15301
Ablewell	247
JCP	0
WHG	
(TBC)	958

JCP only deliver face-to-face welfare advice and support to a small number of vulnerable customers as they are not resourced to deliver this function. Therefore the majority of customers will seek advice from the CAB.

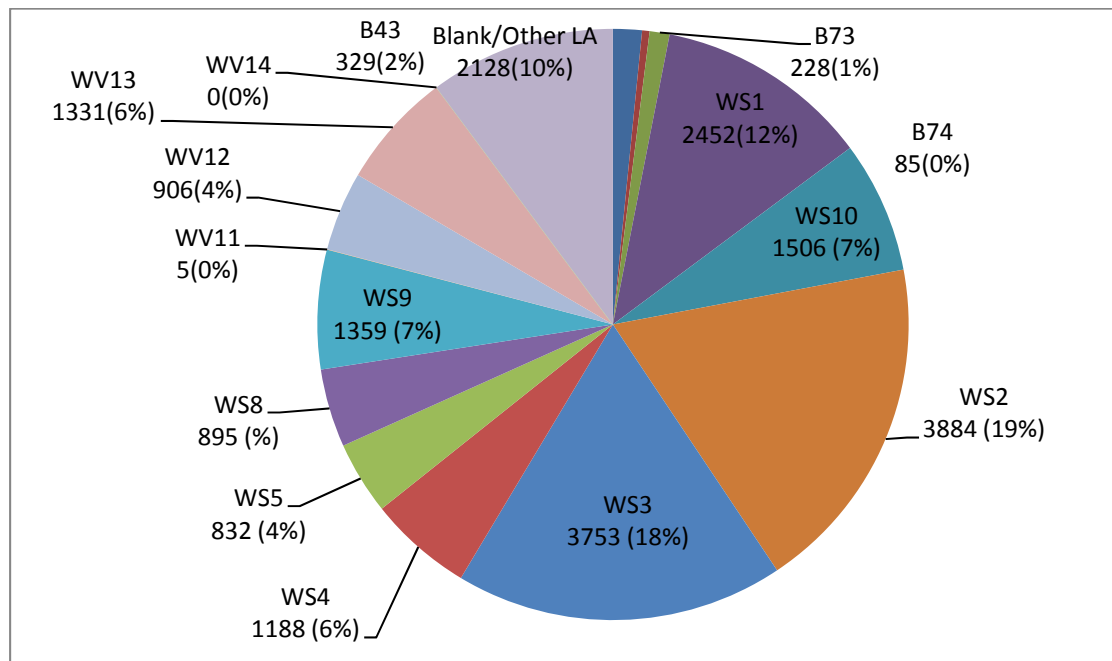
The way in which data is collected by each of the partners makes it difficult to compare the types of enquires made. However, data from the Citizens Advice Bureau gives the following indication on enquires and how demand has fluctuated from the previous year.

	2012/13	% of total		Change	2011/12	% of total
Nature of enquiry	issues	%			issues	%
Benefits	28623	42.14	↑	4211	24412	37.28
Consumer	691	1.02	↑	53	638	0.97
Debt	22381	32.94	↓	-761	23142	35.34
Education	253	0.37	↑	59	194	0.3
Employment	4059	5.99	↓	-1656	5715	8.73
Financial	885	1.31	↑	29	856	1.31
Health	408	0.6	↓	-10	418	0.64
Housing	3344	4.89	↑	684	2660	4.06
Immigration	1119	1.65	↓	-17	1136	1.73
Legal	2024	2.99	↑	49	1975	3.02
Other	675	1	↓	-179	854	1.3
Relationship	1768	2.61	↓	-90	1858	2.84
Signposting	355	0.52	↑	112	243	0.37
Taxes	295	0.44	↓	-29	324	0.49
Travel	476	0.7		0	476	0.73
Utilities	570	0.84	↓	-7	577	0.88
Total	67926	100	↑	2448	65478	100

These figures demonstrate the additional demands that are being placed on the system as a direct consequence of the welfare reforms.

Analysis of available data has indicated that residents are more likely to seek welfare advice if they live in the WS1, WS2 or WS3 postcodes.

### **Total Welfare Support and Advice Requested by Postcode**



### **Strategic Review**

Demand for welfare support and advice has increased significantly, but cuts in legal aid and local authority spending mean capacity is reduced and under further pressure. This has led to the commencement of a strategic review.

Faced with these challenges, simply 'doing existing things better' won't resolve the problems – the Council and its partners need to learn to 'do better things'.

Funding is increasingly moving from grant funding to procurement with tight service specifications. As a result welfare support and advice services are forced to become more transactional, treating the symptoms of people's problems, rather than the root cause.

A focus on 'outcomes' compounds the problem as it diverts attention on making the numbers, not learning what works and doing what matters.

A high percentage of the increased demands are as a result of public services failing to do something, or do something right, for their customers.

The working group learnt from preliminary findings from investigations so far that this preventable demand makes up to 70% of the demand for welfare support and advice.

Addressing this failure and waste not only frees capacity but also has a positive impact on the quality of the public service.

The approach of the strategic review is starting with understanding demand and its causes, and finding ways to stop the 'failure' demand that clogs up welfare support and advice services. The focus is to:

- Understand the purpose of the service from the perspective of the people who use it
- Analyse people's journeys and how to deliver what matters for them in as few steps as possible
- Design to deliver only and exactly what matters to people, which achieves better outcomes and reduces waste and cost

'Failure' demand is the demand placed on a service because it, or another organisation fails to do something for a customer, or to do it right.

Work has commenced in CAB, Ablewell Advice and the Council's own welfare rights team but have already identified areas of work that could:

- improve service delivery.
- reduce costs.
- empower staff to work in a more effective way .

Conclusions from this work with recommendations to improve collaboration and integrated service delivery are expected to be available by the end of June 2014.

### **Welfare Support and Advice – working group comment**

*Unsurprisingly, the welfare reforms have increased demands on the support and advice functions of the Council and its partners.*

*The working group were pleased to hear about the effort that was taking place to assist customers but acknowledged that current methods cannot continue.*

*The working group welcome the strategic review and look forward to overseeing proposals as they develop. The working group expects that no detrimental impact will be felt by customers as an outcome of the strategic review.*

## Crisis Support

Another significant change of the welfare reforms has been the shift of support to residents in crisis from the Jobcentre to the local authority.

Community Care Grants and Crisis Loans for general living expenses, previously administered by the DWP within the social fund, were abolished from April 2013 and replaced by a new local provision.

The new provision is now administered by local authorities in England and the devolved administrations in Scotland and Wales. Whilst the Government was not prescriptive with regard to the design of the new local provision; the intention of the funding transferred to local authorities is that it is to be used to provide the new local provision.

Funding of £1,098,510 has been received by the Council to provide the service. The same sum will be available for 2014/15. Administration funding of £232,123 has been received for 2013/14 this will reduce to £212,766 for 2014/15. From 2015 funding for crisis support has been subsumed into the overall government financial settlement. This is a concern as no additional funding in the settlement has been identified.

The funding is un-ring fenced and can be used in a number of different ways to meet local need. This could include, for example, topping up local food banks, commissioning additional advocacy support or matching the funds with existing discretionary grants.

### *The operation of the scheme*

Activity since April 2013 has seen the development of strong working relationships between members of the Walsall Crisis Support Scheme team and job centre staff, partners, charities and other council services. The job centre staff have visited the team to understand how the service supports residents in crisis.

Changes have been made to how the Council helps customers as the organisation has found better ways of delivering the service, for example, by delivering a more holistic service focussing on the needs of customers rather than just making financial awards.

Understanding and helping residents deal with their complex problems has enabled the development of a wide variety of help that has seen staff supporting customers in a variety of ways that has not made a demand on the traditional scheme spend. Helping residents in this way has enabled the team members to significantly improve the outlook for these residents in crisis and prevent a further higher cost demand on scarce council resources. e.g. homelessness.



### *The demand for the service*

#### **DWP Scheme**

The table below shows the numbers and cost of the applications for the elements of the scheme that were previously administered by the DWP.

<b>2011/2012 (Full Year) DWP Data for Walsall Awards &amp; applications rounded to nearest 10</b>	<b>Crisis Loan Items</b>	<b>Crisis Loan Living Expenses</b>	<b>Community Care Grants</b>	<b>Total</b>
<b>Summary</b>				
<b>Applications received</b>	1,070	8,050	3,330	12,450
<b>Total expenditure</b>	£132,700	£328,500	£756,600	£1,217,800
<b>Number of Awards</b>	530	5,960	1,480	7,970

#### **WCSS during the period 01/04/2013 – 31/12/2013**

The table below shows the number of applications made for help to the WCSS

<b>Total applications received</b>	<b>Applications Approved</b>	<b>Applications Declined</b>
7,038	4,240	2,798

#### **Scheme spend on awards by month April – December 2013**

The total spend on awards by month is detailed below.

<b>Month</b>	<b>Value</b>
April	6,149
May	10,547
June	12,870
July	34,434
August	27,183
September	22,334
October	41,256
November	44,458
December	44,127
<b>Total</b>	<b>£243,359</b>

#### **Awards Approved**

The type of support given to the awards approved.

<b>Provision</b>	<b>Types of support provided</b>
Deposits for rented tenancies	19
Furniture and carpets	454
Utilities	1124
Groceries	1980

Clothing/bedding	253
Travel	211
White goods	850
Other assistance	512

### **Awards declined/ alternative support provided**

Examples of the other help and support provided to residents in crisis are detailed below.

<b>Help given to customer by officer other than from the WCSS</b>
Help to apply for budgeting loan
Processed housing benefit claim and council tax reduction claim
Pulled on expert in debt management
Help to maximise other benefits
Call to DWP to sort their claim out
Help to apply for short term benefit advance
Helped to apply for assistance from the DWP hardship fund
Helped with housing issues – helped customer move.
Negotiated with 3 <sup>rd</sup> party on customers behalf
Helped customer get a job
Worked with children's services and section 17 funding
Pulled on charitable support
Educating customers – informing the customer of options/consequences --- e.g. money management.
Negotiation with landlords- rent in advance/deposits
Contacted bailiffs to waiver costs/fines
Contacted utilities – reset meter- waiver of arrears
Help from school with uniforms
Housing improvement – heating systems

The data illustrates how the WCSS is providing holistic support and advice to customers focussing on their specific needs. Only a fraction of the funding allocated from the Government has been spent on physical items and services to help residents as more time is spent tackling their actual needs and prevent further crisis upstream. It should be noted that this is a resource intensive process but the support provide is having a genuine impact on those customers who have accessed the service.

### **Examples of residents helped**

The WCSS is working to help residents with the root cause of why they had turned to us for help. Resolving these deeper issues enables the resident to move out of crisis without necessarily using the Walsall Crisis Support Scheme funds.

The resident had water arrears for around £600 going back about a year. A WCSS Officer contacted the water company and discussed arrangements for the customer to pay back by instalments and £450 of the debt written off. No cost to the fund.

WCSS officer intervened and due to this it has changed the resident's ongoing life according to the probation service. WCSS officer and an officer from housing services were asked to assist a probation customer. He had been under probation services for a long period of time and had gone through traumatic family problems. Housing services assisted in securing accommodation for him and WCS assisted in providing him with an electric cooker, a fridge and a bed. He was also provided with kitchen essentials so he could set up in his new home and feel like he had a purpose in life.

Shortly after supporting the resident the WCS officer received this email from probation services:-

*"I am writing to you to express my appreciation of what has done for my current Probation client. This has been in the role of assisting him in being able to sort out suitable accommodation which made a major contribution in terms of changing his life.*

*We found staff to be professional, engaging with the client and going beyond the remit that one would normally expect from someone in a similar role. I am hoping because of the help, he has moved on in his life and will not come before the Criminal Justice System again. I have seen a notable change in him, since coming into contact with you team.*

*Staffordshire & West Midlands Probation Trust, Midland Road Complex, Walsall"*

Client presented being anxious and worn down - had been to the food bank with not a great amount of success as he didn't have a cooker at home so he couldn't cook some items.

The resident presented with Water Rate arrears and a couple of door lender loans which had resulted from buying flowers and other items for his mother's funeral.

**How the resident was helped.**

The WCSS officer pulled on a debt management advice agency to help. This support enabled affordable repayments on the loans to be agreed. The resident wished to avoid insolvency. An application was made to a Charitable Trust and this was accepted and the arrears will be cleared after 26 weeks.

Different charities provided the following: - £400 for carpets, TV being purchased enabling the return of a costly hire purchase rental, cleared phone bill and food bank vouchers. The customer is now a volunteer for an advice agency.

Resident was claiming Employment Support Allowance (ESA) which was terminated in November 2012 due to failing his medical assessment. He was told that because he could sit and stand, he was capable of doing some sort of work.

He contacted us in January 2013 as he was not receiving any income and was struggling with feeding himself. A WCSS officer started to work with him and made contact with ESA to query the decision and what he should do next. He was helped with food throughout this period. SSAFA were also helping to support him.

A new claim was submitted for ESA and a request was put in for backdating to November 2012, but he had to attend another medical appointment. He did this, but again was turned down for ESA.

With the WCSS officers' assistance, he appealed against the decision and was supported when the case was taken to the tribunal. His GP was asked to provide documentary evidence of all his health issues to support his application. Reconsideration was agreed and he received backdated ESA payment of over £700 back to November 2012.

Officers visited resident living in owner occupied accommodation but in squalid and chaotic conditions. He had sold the house to a developer after his father had died but was having difficulties realising the capital to help him move and start a new chapter in his life. Officers worked with Solicitors, estate agent, CAB, housing association and probation officer. The only support that he received from the fund was food. All the other support came from officers supporting Mr C to work through the complex nature of his issues.

### **Funding for 2015 and beyond**

The Department for Communities and Local Government released the Authority's draft funding settlement for 2014/15 and provisional 2015/16 on 18 December 2013. Alongside the settlement further information was published on each authority's spending which includes £1.311m within the in 2014/15 spending powers detail in relation to Local Welfare Provision Grant but no allocation shown in 2015/16. Whilst further work will be required to understand the implications of this at present there is now no funding within the medium term financial plan allocated for Crisis Support from 2015/16 onwards.

### **Crisis Support – working group comments**

*The working group were pleased with the development of the WCSS and its holistic working practices. The working group notes that this is a resource intensive approach which is placed under very high demands. Demands which are only likely to increase in the future as the full impact of the benefit forms is felt. This leads the working group to be very concerned about the*

*loss of identifiable funding for crisis support in the government settlement from 2015/16. The working group recognise that the approach the Council is currently taking, which is not spending all allocated monies, will give the authority some opportunity to consider rolling money forward to crisis support should it be affordable. Members also recognise the important role of that partners will play as part of the emerging local support service framework.*

## Conclusion

The welfare reforms are very wide ranging and have affected thousands of local residents. This has had a detrimental impact on their lives and incomes. The local economy has lost millions of pounds since the introduction of the welfare reforms in 2010/11. If universal credit is introduced disposable household income is predicted to fall by £148m.

The period of national austerity is here to stay for the foreseeable future. The Council is required to save an estimated £108m over the next five years. Financial reductions and pressure on services will grow. At the exact time when local residents will be looking for support. The introduction of Universal Credit will create pressures on local services as national level advice services are withdrawn with the expectation that the service will be provided at a local level with no additional funding.

The Council and its partners are currently working hard to support residents in the right way and minimise the impact of the welfare reforms. The current approach based on different organisations developing their own strategies and coming together now and again is unsustainable moving forward. Support for residents will need to change.

The Council and its partners need to adapt and change for the right reasons not just because the welfare reforms demand them to. These need to be long term decisions based on a strong strategy. These changes should seek to minimise the impact on Walsall people and communities of welfare reform and the loss of money in the local economy.

The Council should lead on creating a forum where all partner organisations affected by the welfare reforms come together to share understanding and co-ordinate activity so that everyone can work together to support local communities in the long term. Only through stronger and new ways of working can communities be protected.

This forum should lead and co-ordinate developing solutions to strategic issues created by the welfare reforms, such as the lack of one bedroom properties in the area.

This forum also needs to prepare for the potential 'perfect storm' of current supporting benefits such as: discretionary housing payments, council tax support scheme and crisis support being lost combined with the introduction of universal credit and full impact of other welfare reforms on ESA and DLA.

Further to this it is vital that local Members maintain knowledge and understanding of the welfare reforms and their potential impact as they change and evolve from policy into practice. It is recommended that the overview and scrutiny function continue to monitor and shape this topic in the next and future municipal years.

## **Recommendations**

**That:**

- 1. the Council create a 'Welfare Reform Forum' where all local partner organisations come together to share information and understanding and lead on the development of co-ordinated strategy and action to support local communities;**
- 2. the overriding aim of the 'Welfare Reform Forum' should be to seek to minimise the impact on Walsall people and communities of welfare reform and the loss of money in the local economy;**
- 3. the overview and scrutiny function continues to take responsibility for understanding the evolving impact of welfare reform on Walsall residents, and for promoting effective collaboration across organisations to design and implement more integrated service delivery that makes best use of the resources available;**
- 4. further statistical analysis take place with the latest data to allow the continual monitoring of the effects of the welfare reforms on Walsall people and communities.**

## TERMS OF REFERENCE

<b>Work Group Name:</b>	Welfare Reform Working Group
<b>Panel:</b>	Corporate Scrutiny and Performance Panel
<b>Municipal Year:</b>	2013/14
<b>Lead Member:</b>	S. Coughlan
<b>Lead Officer:</b>	Rory Borealis and Lynn Hall
<b>Support Officer:</b>	Craig Goodall
<b>Membership:</b>	B. Cassidy D. Coughlan C. Creaney E. Hughes G. Illmann-Walker D. James J. Rochelle D. Shires S. Wade

<b>1.</b>	<b>Context</b>
	<p>The Government is undertaking wide ranging reform of the welfare state. It is their intention to develop a stream lined system and reduce the welfare budget by encouraging people into work.</p>
<b>2.</b>	<b>Objectives</b>
	<p>The working group wishes to understand what the impact of the welfare reforms, will be on local residents, the Council and its partners.</p> <p>What is the impact through multi-layering?</p>
<b>3.</b>	<b>Scope</b>
	<p>The working group will focus on understanding the impact of welfare reforms on local residents including the effect of multi-layering.</p> <p>The working group will also consider the impact of the reforms on the Council and its partners.</p> <p>The welfare reforms in question include:</p> <ol style="list-style-type: none"> <li>1. Spare room subsidy;</li> <li>2. Replace Disability Living Allowance with Personal Independence Payments;</li> <li>3. Benefits cap;</li> <li>4. Introduction of Universal Credit;</li> <li>5. Discretionary housing payment;</li> <li>6. Social care cost cap (£72k);</li> <li>7. Localised council tax scheme.</li> </ol> <p>What are the needs of residents? Are these being met by the welfare reforms?</p>



4.	Equalities Implications											
	The working group will wish to consider if anyone is unintentionally disadvantaged by the new welfare reforms on the basis of their age, disability, gender, race, religion or belief and sexual orientation.											
5.	Who else will you want to take part?											
	Department for work and pensions Registered social landlords Revenues and benefits team Local residents Other local authorities Citizens Advice Bureau GPs Age UK Welfare Rights Service Revenues and Benefits											
6.	Timescales & Reporting Schedule											
	The working group will produce a final report and recommendations to the 25 March 2013 meeting of the Corporate Scrutiny and Performance Panel.											
7.	Risk factors											
	<table><tr><th>Risk</th><th>Likelihood</th><th>Measure to Resolve</th></tr><tr><td>Being unable to understand full impact of welfare reforms.</td><td>High</td><td>As many of the details of the reforms are still being developed their full impact may not be understood within the life of the working group.</td></tr><tr><td>Broad, wide ranging topic may make it difficult to conclude by March 2014.</td><td>Low</td><td>Schedule of meetings to be set up with clear objectives for each session.</td></tr></table>			Risk	Likelihood	Measure to Resolve	Being unable to understand full impact of welfare reforms.	High	As many of the details of the reforms are still being developed their full impact may not be understood within the life of the working group.	Broad, wide ranging topic may make it difficult to conclude by March 2014.	Low	Schedule of meetings to be set up with clear objectives for each session.
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