

## **Cabinet – 27 April 2016**

### **Welfare Reform in Walsall – report from Corporate & Public Services Overview & Scrutiny Committee**

**Portfolio:** Deputy Leader

**Service:** Community Safety

**Wards:** All

**Key decision:** No

**Forward Plan:** No

#### **1. Summary**

At its meeting on 18 June 2015 the Panel established a working group to consider the impact of welfare reforms on the borough.

The working group has engaged with a registered providers, welfare advice providers and the Department for Work and Pensions in order to build a picture about what effects the reforms are having locally.

The working group produced a final report and recommendations that were approved by the Committee at its meeting on 14 April 2016.

The working group found that welfare reforms are having a big impact on the borough. They are affecting:

- a) Residents
- b) Council
- c) Partners
- d) Local economy

The changes introduced in the July 2015 Budget are complex and will have a profound impact on some families. Some, including pensioners, middle-earners and multiple earners within the household should be better off. Many others, particularly those reliant upon benefits will be worse off. There is likely to be a increase in demand for advice and support from the following services as a result of increased financial hardship, increased crime, increases in arrears and people at risk of homelessness and a general decrease in the health of affected populations:

- Housing and homelessness
- Welfare Rights
- Benefits (this demand will evolve as more people move to Universal Credit)
- Crisis support

- Foodbanks
- Citizens Advice Bureau and Ablewell Advice
- Housing Associations
- Health Providers
- Schools
- Child Support agencies (e.g. Children's Services and Sure Start)

The element of the welfare reforms that is encouraging people back to work is supported in principle but Walsall is a disadvantaged area with high levels of worklessness. This means the borough is disproportionately affected and the cost of the response to the welfare reforms is higher.

The Council plays a pivotal role in supporting residents affected by welfare reforms. The work of the Welfare Rights Service was recognised as outstanding.

Partnership working is generally good and needs to continue and, most importantly, improve as public sector budgets contract. Data sharing between all partners needs to improve, in particular from the Department for Work and Pensions who were reticent with sharing data with the working group.

As financial resources decline more profiling of residents should take place to enable the Council and its Partners to identify those residents being badly affected by the welfare reforms to be proactively assisted before they reach crisis. Any profile data that is developed should be shareable between council services and partners to enable greater impact. The Welfare Rights Service also works with Jobcentre+ to identify people in financial difficulty and support them.

Universal Credit – the working group had concerns that there was a six week timeframe to process UC applications before applicants could receive any benefit payments. Members were also worried that vulnerable residents would find it difficult to manage a monthly budget and pay all their bills how housing payments were made directly to applicants rather than landlords. The working felt that residents should be able to access budgetary training to assist them in managing monthly UC payments. Further to this lessons on how to manage household finances should be undertaken in schools to improve financial literacy in the long term.

The working group were concerned that funding for crisis support had ended and was only continuing in Walsall due to previous good financial management. What will happen when this money runs out?

A policy for the spending of Discretionary Housing Payments should be developed. This should include a scoring matrix for use by benefits officers to assist with consistency with DHP awards.

Best practice with the management of welfare reforms should be shared amongst those authorities making up the combined authority.

## **2. Recommendations**

**That Cabinet give consideration to implementing the recommendations contained in the report of the Welfare Reform Working Group.**

## **Background papers**

None associated with this report.

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# Welfare Reform in Walsall



As presented to the Corporate and Public Services  
Overview and Scrutiny Committee on 14 April 2016



**Walsall Council**



## Foreword

*The subject of welfare reform is huge, rapidly changing and not without it's controversies. In this context, this report can only hope to scratch the surface of the subject. Our aim, within a tight timescale and recognising the differing political tensions represented within the working group were:*

- 1. Examine the scope and scale of the welfare changes*
- 2. Look at how these changes affect the people we represent as councillors*
- 3. Examine how Walsall MBC can work "smart" within its organisation and with partners to mitigate negative effects, such that we provide a practical framework to allow Walsall MBC and partners to cope with the increase in residents and customers coming our way with problems due to benefit changes with a decrease in resources generally*

*Bearing in mind the above, the working group spoke with a number of partner organisations, whom I would like to thank for their time and input. I would also like to thank the portfolio holder, Cllr Arif; Cllr's Tina Jukes and Dianne Coughlan for their input as expert witnesses from the Children's and Social care overview and scrutiny panels; Elise, Patrick and the superb team in Walsall MBC's "Money, Home Job" section for their continuing efforts and Nikki and Craig from Constitutional Services, for keeping the group on track and performing the gargantuan clerical tasks involved of servicing a working group.*

*Lastly, I would like to thank my fellow councillors on the group who, faced with an "elephant task", patiently and diligently worked through the issues, putting together this report and its recommendations. We commend this report to cabinet along with the recommendations.*

*As the leader of the working group I would suggest that this report is essential reading for all Walsall councillors and MP's, with respect to the lower 20% of income families within the Walsall economy and in this sense, in so far as we can only be as strong as society's weakest members, I would suggest that it has wider implications for "the state of Walsall" and it's economy. I fear then, that this report is only a beginning and not an end in itself.*



**Councillor Lee Jeavons**

**Lead Member, Welfare Reform Working Group**

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## Introduction

The Corporate and Public Services Overview and Scrutiny Committee (the Committee) identified the need to consider the impact of welfare reform on the borough at its meeting on 18 June 2015.

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 12 October 2015. The terms of reference were subsequently agreed by a meeting of the Committee on 22 October 2015.

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 three Officers:

Elise Hopkins	System Leader – Money Home Job
Patrick Morrison	Project Lead – Money Home Job
Craig Goodall	Committee Business and Governance Manager

## Membership

The working group was made up of the following Councillors from the Committee:

Lee Jeavons (Lead Member)	Paul Bott
Carl Creaney	Ken Ferguson
Lorna Rattigan	

Further to this a member from each of the Education and Children's Services and Social Care and Health Overview and Scrutiny Committees were co-opted to the working group, namely:

Diane Coughlan (Social Care and Health)	Tina Jukes (Education and Children's Services)
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## Methodology

The Working Group has held 5 meetings during its investigations taking into account the views of 13 witnesses.

## Witnesses

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

Jaz Kaur	Walsall Housing Group
Jay Gill	Caldmore Accord
Claire Foulkes	Advice Services Director, Citizens Advice Bureau
Hursheda Chauhan	Deputy Manager, Citizens Advice Bureau
Bernard Cysewski	Welfare Rights Team
Ian Melvin	Revenues & Benefits Welfare Rights Team Leader
Emma Crook	Black Country Foodbank
Emma Scholar	Trussell Trust Foodbank, Foodbank Regional Development Officer
Robert Worrollo	Walsall North Foodbank (Trussell Trust)
Valerie Aspray	Walsall North Foodbank (Trussell Trust)
Hilary Clews	Business Development Leader, Department for Work and Pensions
Dave Jones	Partnership Support Manager, Department for Work and Pensions
Gemma Edwards	Jobcentre Leader, Department for Work and Pensions

## Report Format

This report is a broad summary of the working group's findings and conclusion.



## **Context – what are the welfare reforms**

This section of the report sets out the headline measures to achieve the required £12bn of savings from the welfare budget. Significant changes and reductions are being made to benefit eligibility rules, which will be applied over the next three years.

The new legislation required to implement the measures was contained in a new Welfare Reform and Work Bill published by the government on 9<sup>th</sup> July 2015.

### **Welfare Reform Changes**

On July 9<sup>th</sup> 2015, George Osborne announced a raft of measures, in addition to those announced in the Coalition Government's March 2015 budget, signalling the intended direction of government spending over the next five years.

A number of the changes will have significant implications for Walsall Residents, The Council and other organisations operating within the wider Walsall Metropolitan Borough.

To help mitigate the impact of these changes the government will provide £800m of funding for Local Authorities for discretionary housing payments (DHPs) over the next 5 years

The measures introduced in the July 2015 budget will be introduced in two waves, the first in April 2016 and the second in April 2017. A final change which will see support for mortgages changed to a repayable loan will be introduced in 2018.

Details about the welfare changes expected in each year are detailed and it also explores:

- The savings associated with individual welfare reform changes
- Who will be affected
- Impact on our customers

Finally, this section considers the likely impact on the finances, crime, homelessness, health and children locally and makes some recommendations about future work required.

## Changes From April 2016

### Household Benefits Cap reduced from £26,000 nationally to £23,000 in London and £20,000 in the rest of the country (£15,140 in London and £13,400 for single person households elsewhere);

The **Benefit Cap** is a limit on the total amount of certain benefits you can get if you are working age. At this stage decisions over the precise details of implementation (for example, roll out schedule and level of pre-implementation employment support available) haven't been finalised

- **Savings associated with the change** - £495m
- **Who will be affected**
  - Department for Work and Pensions estimates indicate that in the region of 92,000 households will be affected by the new cap in addition to those affected by the original cap (DWP, 2015).
  - Households already impacted by the £26,000 benefits cap will face a reduction in benefits of at least £64 per household (Ibid: 9).
  - The DWP estimates indicate that around half of applicants will lose at least £50 per week
  - Of the households which are going to be affected, 64% are anticipated to be headed by females with 59% estimated to be lone female parents.
- **Impact on our customers**
  - There is no clear information but early estimates suggest that between 700 and 950 minimum will be impacted.
  - Walsall currently has 132 active HB claims with benefit cap therefore this is the **minimum** number that will be affected. The actual number is expected to be significantly more
  - Early discussions with WHG indicate that they believe that at least 950 of their customers will be affected after the cap is reduced. Their early estimates do not include other Registered Social Landlords or households renting in the private rented sector.
  - If we profile the impact on HB as a whole against the number of customers subject to the last benefit cap in Walsall we expect the number impacted would be in the region of 700.
  - Currently 70% of households affected by the benefit cap in Walsall have 5 or more children and 26% have 4. Ethnic minority families which tend to be larger may be particularly affected in Walsall.

- At the moment we have no single households without children impacted but this could change with the introduction of the £13,400 cap

### **Housing Benefit Family Premium abolished**

From 01 May 2016 the Family Premium will no longer be used in the calculation for HB and Council Tax Reduction entitlement.

This change will affect new claims that are made on or after 1 May 2016 for those who are working age and pensionable age.

The Family Premium is awarded as part of the Applicable Amount (the amount the Government sets for you to live on and used to compare against your income). It is awarded if you have least one child or young person in your household

#### **If a customer is already receiving the Family Premium as part of their Housing Benefit calculation, this will continue until:**

There is no longer a child or young person in the household

There is a break in entitlement that results in a new claim having to be made

If the Family Premium stops because the child or young person in your house moves out it cannot be reinstated, even if another child or young person moves in with you.

Once personal allowances and allowances for children have been worked out, if the claimant meets the qualifying conditions premiums can be added to make up the applicable amount.

- **Savings associated with the change** - £675m
- **Who will be affected**
  - All HB claimants with family premium
- **Impact on our customers**
  - Walsall currently has 5623 active HB Claims with family premium. These families have £17.45 of their income disregarded when benefit is calculated.

### **Housing Benefit backdating reduced to four weeks**

Sometimes housing benefit can be paid for a period before the actual date that a claim is submitted. This is called backdating. **This has been reduced from 13 weeks to 4 weeks**

- **Savings associated with the change** - not known at this time
- **Who will be affected**
  - All claimants who have “good cause” for making a late benefit claim
- **Impact on our customers**
  - 80 HB claims had been backdated between 1.4.15 and 30.6.15
  - Work is ongoing to determine how many of these were backdated for more than 4 weeks

### **Universal Credit work allowances reduced to £4,764 for those without housing costs, £2,304 for those with housing costs, and removed altogether for non-disabled claimants without children**

From 11 April 2016, the rules on UC work allowances are changed, once earnings exceed the work allowance, UC entitlement is reduced by 65 per cent of the excess

- **Savings associated with the change** - not known at this time
- **Who will be affected**

Eventually all UC claimants but at this time it is difficult to quantify numbers as different parts of the UK are at differing stages of roll out.
- **Impact on our customers**
  - Universal credit roll out commenced 22<sup>nd</sup> June 15 in Walsall for single claimants of working age who meet specific criteria. The numbers are relatively low at this time. We are waiting for information from the DWP regarding the impact of this change.

### **New National Living (NLW)**

A new mandatory NLW is introduced from April 2016 for workers aged 25 and above. The introduction of the NLW at £7.20 from April 2016 will increase pay for these workers, leading to a £900 cash increase in earnings for a full-time worker on the current National Minimum Wage

The National Living Wage, starting at £7.20 and rising to £9 an hour by 2020, replaces the £6.50 minimum wage.

- **Who will be affected**

Stephen McKay, professor of social research at the University of Lincoln says that increasing the pay rate to £9 an hour would affect the earnings of about 250,000 people – almost three in every 10 of the third sector workforce. But that the figure could be higher because employers might have to raise the pay of workers earning just above the new wage level, he says.

### **Personal Tax Allowance increase**

The tax-free Personal Allowance (the amount people earn before they have to start paying Income Tax.)

The personal allowance will be increased to £10,800 for 2016-17 and £11,000 for 2017-18.

This measure will reduce income tax for 29.1 million income tax payers in 2016-17 and 29.6 million in 2017-18

It will have a positive impact on middle earners who will see a marginal rise in their income of around £150 per annum (Richards, 2015).

The government has an ambition to increase the Personal Allowance to £12,500 by 2020, and a law will be introduced so that once it reaches this level, people working 30 hours a week on the National Minimum Wage won't pay Income Tax at all.

### **Local Housing Allowance (LHA) rates frozen until 2020**

Under this change the Local Housing Allowance rate of Housing Benefit (which is paid to claimant's living in private rented accommodation) will not be increased until after 2020. While rents cannot go up under the measure they could go down if rent levels fell in the UK.

- **Savings associated with the change** - not known at this time
- **Who will be affected:**
- Many claimants in receipt benefit renting privately.
- Shelter (2015) state that 39% receiving LHA (housing benefit for those renting privately) already work;  
Without increasing HB assistance, most properties will quickly become unaffordable and it will become virtually impossible to find a private rented home in many authorities by 2019 (they estimate that the LHA scheme won't even cover 10% of properties in some areas).
- There will be additional Discretionary Housing Payments (DHPs) to temporarily assist families with the shortfall. However Shelter (2015) argue this won't offset the big freeze overall and those struggling to pay rising rents could face rent shortfalls, arrears and greater risk of

eviction; this will make it harder for people to keep or get a new tenancy and may push thousands of households closer to homelessness'

- Estimates show that private sector rents are anticipated to increase by 39% by 2020 and this is likely to see a reduction in landlords prepared to take on tenants reliant on housing benefit to assist in the payment of rent (Shelter, 2015).
- **Impact on our customers:**
  - Walsall has 5934 active claims.
  - The prescribed LHA rates in Walsall are:
    - i. Shared Accommodation Rate: **£60.00 per week**
    - ii. One Bedroom Rate: **£86.30 per week**
    - iii. Two Bedrooms Rate: **£104.89 per week**
    - iv. Three Bedrooms Rate: **£120.29 per week**
    - v. Four Bedrooms Rate: **£151.50 per week**

### **Changes From April 2017**

#### **Child Tax Credit limited to 2 children and family element abolished for new claims or new births.**

- **Savings associated with the change**

Nationally it is expected the move will save £1.35bn by the 2020-21 financial year (The Independent, 2015).
- **Who will be affected**

In the current system each low income family can claim a maximum payment of £2,780 per child per annum. The reform means that families making a new claim after April 2017 will no longer be able to claim for more than two children.

Existing claims will continue be paid under the old rules, however if they have a break in a claim (having accessed employment short-term) and then claiming again, they would not get benefit for more than 2 children..
- **Impact on our customers**

The exact number of families affected in Walsall is not yet known. Families with more than 2 children could lose up to £2,780 per annum for each child.

#### **Universal Credit limited to 2 children and 'first child premium' abolished for new claims or new births.**

- **Savings associated with the change** - not known at this time.
- **Who will be affected**

At this time it is difficult to quantify numbers as different parts of the UK are at differing stages of roll out of Universal Credit

- **Impact on our customers**

Universal credit roll out commenced 22th June 15 in Walsall starting with single claimants of working age who meet specific criteria. The numbers are relatively low at this time. We are waiting for information from the DWP regarding the impact of this change.

**Housing Benefit not available for unemployed 18-21 year olds (exceptions apply for vulnerable young people and those who may not be able to return home).**

- **Savings associated with the change** - Not yet known

The government estimate the policy would save £120m (The Guardian, 2015)

- **Who will be affected**

A blanket removal of housing benefit from 18- to 21-year olds would affect nearly 20,000 young people. This figure is supported by the statistics provided by Shelter who expand upon this stating that 19,894 18-21 year olds would be affected by this cut. 2,205 (11%) of this group have dependent children. 17,689 (89%) do not have dependent children

**Impact on our customers**

It is not yet clear how many young people will be impacted in Walsall.

**Parents claiming Universal Credit to prepare for work when the youngest child turns 2 and actively seek work when youngest child turns 3**

- **Savings associated with the change** - Not yet known

- **Who will be affected**

At this time it is difficult to quantify numbers as different parts of the UK are at differing stages of roll out of Universal Credit

- **Impact on our customers**

Universal credit roll out commenced 22th June 15 in Walsall starting with single claimants of working age who meet specific criteria. The numbers are relatively low at this time. We are waiting for information from the DWP regarding the impact of this change.

- **Universal Credit youth obligation for 18-21 year olds** 18-21 year olds claiming Universal Credit will have to participate in an intensive period of support at the start of their claim. After six months, if they are not working they will be expected to apply for an apprenticeship, traineeship, gain work place skills or go on a work placement.

**Savings associated with the change** - Not yet known

- **Who will be affected**

At this time it is difficult to quantify numbers as different parts of the UK are at differing stages of roll out of Universal Credit

- **Impact on our customers**

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Universal credits roll out commenced 22th June 15 in Walsall starting with single claimants of working age who meet specific criteria. The numbers are relatively low at this time. We are waiting for information from the DWP regarding the impact of this change.

### **Employment and Support Allowance Work Related Activity Group.**

New claimants of Employment and Support Allowance who are placed in the Work-Related Activity Group will receive the same rate of benefit as those claiming Jobseeker's Allowance because the Work Related Activity component is being abolished. This does not affect people placed in the Support Group.

- **Savings associated with the change** - Not yet known

- **Who will be affected**

All customers currently claiming ESA

- **Impact on our customers**

All customers claiming ESA in Walsall will receive less income. Exact numbers affected are not yet known.

### **Universal Credit Limited Capability for Work component abolished**

- **Savings associated with the change** - Not known at this time

- **Who will be affected**

At this time it is difficult to quantify numbers as different parts of the UK are at differing stages of roll out of Universal Credit

- **Impact on our customers**

Universal credit roll out commenced 22th June 15 in Walsall starting with single claimants of working age who meet specific criteria. The numbers are relatively low at this time. We are waiting for information from the DWP regarding the impact of this change.

### **Free childcare increased from 15 to 30 hours per week for 3 and 4 year olds**

**Savings associated with the change** – Not applicable

- **Impact on our customers**

This should have a positive impact on Walsall residents with children of this age. The number of people who will benefit is not yet known.



### **Social tenants earning over £30,000 (£40,000 in London) to pay market rate rents**

- **Savings associated with the change** - Not known at this time
- **Who will be affected**  
At this time it is difficult to quantify numbers of social housing tenants earning over the threshold.  
**Impact on our customers**  
Not yet known

### **Changes From April 2018**

#### **Support for mortgage interest to become a loan to be repaid when you return to work or sell property**

Currently, unemployed homeowners can claim for Support for Mortgage Interest help to pay their mortgage (13 weeks after signing up for Jobseeker's Allowance or other income-related benefits) without having to pay it back. Under the reform financial help would be provided through a loan that would need to be paid back in the future.

- **Savings associated with the change** - Not known at this time
- **Who will be affected / Impact on our customers**  
At this time it is difficult to quantify numbers

## Implications of Welfare Reforms for Walsall

The measures introduced carry with them a range of potential issues for Walsall Council, residents of the borough and other organisations operating within the borough

### Finance

Between 2010 and 2019, the bottom 20% of the population will have seen their incomes reduced, on average, by up to £2,000 per annum (Hood, 2015).

Reduced incomes could result in people having to choose between prioritising food, bills and rent. Evidence for this can be found in the Chief Executive's briefing note dated 7<sup>th</sup> May 2015 on Local Implications to Proposed Central Welfare Policies, in which 75% of homeless applicants identified money management and budgeting as being key areas for concern and in which they may struggle with on their own.

It will take in the region of six weeks between someone claiming actually receive an initial Universal Credit payment, meaning households are likely to struggle financially. This will have a knock-on effect on a variety of other elements, particularly the threat of homelessness.

The benefit cap will reduce some household expenditure and may push some people into unsustainable borrowing from family, friends, loan sharks and payday lenders.

### Support

It is likely they will become increasingly reliant upon the services provided by local councils e.g. Crisis Support, Welfare Advice and Support Housing Support, Housing Benefits and other support services and charities operating in the community placing pressure on those services at a time of funding cuts.

Walsall Council has seen a sharp increase in people seeking money advice and help with money management, seeing £3.25 million in personal debt managed collectively for individuals during 2015-16 with 300 clients being supported at any one time with their debts. The table below shows the increase in residents being supported by the welfare rights team at the beginning of April each year. Over the last 12 months the service has helped 14129 residents through to a conclusion with benefits checks and income maximisation resulting in £11.45 million in successful new benefit awards.

Year	Customers supported at this time	Percentage Increase Year on Year
April 2014	1538	-
April 2015	1866	21.3%
April 2016	2064	10.6%

With more people facing a decline in their incomes, the council's resources will face increased demand in the form of advice and applications for loans and grants.

The Council's Welfare Rights Service continues to have an excellent reputation assisting significant numbers of local vulnerable people. The team are a critical asset in helping residents navigate the complex world of benefits. The most common areas where support was requested were:

- Employment Support Allowance (ESA);
- Access into food banks;
- Personal Independence Payment (PIP);
- Assistance when benefits were sanctioned.

The below provides a snapshot of the teams work in January 2016:

Work Team	Number of customers currently being helped @ 25/01/2016
Core welfare rights	1002
Social Care financial assessments	731
Debt case work and budgeting	320

There has been increased demand for support from other organisations too, including the Citizens Advice Bureau (CAB). In the nine months from April – December 2015 the Walsall CAB dealt with over 14,000 welfare related enquires. As with the WRS significant support was requested regarding PIP and ESA. Further details are provided in the table below:

Benefits & Tax Credits Advice Information Code Part 1	Advice Information Code Part2	No. of Issues	As a % of Part 1 Code
Benefits & tax credits	Income Support	433	3.0%
Benefits & tax credits	Pension Credit	476	3.3%
Benefits & tax credits	Social Fund Loans-Budgeting	81	0.6%
Benefits & tax credits	Housing Benefit	1,755	12.0%
Benefits & tax credits	Child Benefit	432	3.0%
Benefits & tax credits	Working & Child Tax Credits	1,771	12.1%
Benefits & tax credits	Jobseekers Allowance	790	5.4%
Benefits & tax credits	National Insurance	64	0.4%
Benefits & tax credits	State Retirement Pension	88	0.6%
Benefits & tax credits	Incapacity Benefit	7	0.0%
Benefits & tax credits	Disability Living Allowance	370	2.5%

Benefits & tax credits	Attendance Allowance	403	2.8%
Benefits & tax credits	Carers Allowance	374	2.6%
Benefits & tax credits	Employment Support Allowance	2,056	14.1%
Benefits & tax credits	Universal credit	61	0.4%
Benefits & tax credits	Personal Independence Payment	2,201	15.1%
Benefits & tax credits	Localised social welfare	35	0.2%
Benefits & tax credits	Council tax reduction	1,183	8.1%
Benefits & tax credits	Benefit cap	9	0.1%
Benefits & tax credits	Complaints	5	0.0%
Benefits & tax credits	Passported benefits	7	0.0%
Benefits & tax credits	Other benefits issues	1,510	10.3%
Benefits & tax credits	Not recorded/not applicable	491	3.4%
<b>Total</b>		<b>14,602</b>	<b>100%</b>

From the above figures it is clear that there is a large demand for welfare advice and support from local residents.

### *Crisis Support*

The working group were concerned that funding for crisis support had ended and was only continuing in Walsall due to previous good financial management.

During the last 2 ½ years 16,279 people have accessed crisis support at Walsall Council at a cost of over £1.7m.

The working group believe that there will always be a demand for crisis support from residents even when funding expires. Therefore they were concerned about what will happen when funding eventually runs out?

Please find below tables highlighting demand from residents and financial performance and future forecasts to support residents in crisis moving forward.

1 April 2013 to 31 March 2014	9830
1 April 2014 to 31 March 2015	4481
1 April 2015 to 30 September 2016	1948

*Table: Numbers of residents accessing crisis support*

Walsall Crisis Support  
Scheme  
Funding and spending profile  
2013/14 - 2017/18

	2013/14	2014/15	2015/16	2016/17	2017/18	Total
	Actual	Actual	Forecast	Forecast	Forecast	
Funding - programme	(1,098,510)	(1,098,510)	0	0	0	<b>(2,197,020)</b>
Funding - administration	(232,123)	(212,766)	0	0	0	<b>(444,889)</b>
One-off funding for welfare support	0	0	(186,212)	0	0	<b>(186,212)</b>
Carry forward	0	(740,948)	(1,389,647)	(1,109,423)	(609,423)	<b>0</b>
Programme spend	<u>589,685</u>	<u>662,577</u>	<u>466,436</u>	<u>500,000</u>	<u>500,000</u>	<b><u>2,718,698</u></b>
Balance	<u>(740,948)</u>	<u>(1,389,647)</u>	<u>(1,109,423)</u>	<u>(609,423)</u>	<u>(109,423)</u>	<b><u>(109,423)</u></b>

## Homelessness

There is a risk of increased homelessness. Reductions in incomes may place a strain on household incomes and their ability to afford both rent and day-to-day living costs.

The reduction in the cap in London means that more families are likely to be displaced from London and potentially the South East of England. Nationally over 2,500 families have been moved out of London since 2011 (Douglas, 2015), including several which have been moved to Walsall. We are currently aware of five households being placed in Walsall, however, there may be more as protocols have not always been followed by some boroughs when moving people to the Walsall area.

A 1% per annum decrease in social rents represents a 12% decrease in incomes for RSLs by 2020 compared with the previous settlement (Hood, 2015). This may impact upon investment plans and available social housing stock.

Expansion of the Right to Buy to cover social housing as well as council housing may increase waiting times for people seeking social housing, and may result in more people approaching the council for assistance in securing a higher priority for social housing as a result.

The removal of housing benefit for under-21s who are out of work may lead to a change in the composition of households in Walsall. Provision will still be made for young people who are unable to remain in the family home or are particularly vulnerable, but there is likely to be a reduction in the number of under-21s taking on new tenancies. We expect increased demand on the

Advice and Support team dedicated to working with under-25s in Walsall. Particularly in relation to mediation and negotiation with families so that young people can remain in the family home, or for assistance in housing young people where they have no other option.

## Evictions

The working group met with a number of the boroughs registered providers to help improve their understanding of the impact of the welfare reforms. Members learned that unfortunately a small number of individuals have been evicted from their homes due to issues linked with welfare reform.

The working group appreciate that eviction is a method of last resort for registered providers. Registered providers offered wide ranging support to assist in preventing eviction. This included money advice, job and career support and budgeting skills. But unfortunately it was still necessary to take further action against a small percentage of residents. The working group learned that a number of evictions had been caused entirely by the bedroom tax. This demonstrated the impact that the welfare reforms are having on our residents and partners despite the support that is available. From the data made available to the working group it was felt that number of evictions was on an upward trend with a total of 69 evictions in 2014/15 and a total of 66 up to January 2016. The working group request that more monitoring of this situation occurs moving forward so the situation can be managed.

Evictions 2014/15	Evictions 2015/16 (at January 2016)
69	66

The Councils Money, Home, Job team had access to the 'Discretionary Housing Fund' (DHP). It was estimated that DHP had prevented 3,000 people local people becoming homeless in the last 12 months. The working group were appreciative of the impact DHP was having and supported the use of the funding in a targeted way with partners to help prevent local residents being evicted.

## Discretionary Housing Payments (DHP)

A DHP is a discretionary payment which may be awarded in addition to any welfare benefits, when a LA considers that a claimant requires further assistance towards housing cost

The council received £828,712 from the DWP for 2016/2017, this is an increase from last year's allocation of £687,524 to take account of the potential increase in Universal credit claims

2,031 DHP awards were made during 2015/2016 totalling £703,092.22

Welfare Reform Impact (HB)	Number of Awards	Amount Awarded
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Claimant affected by the benefit cap	32	£14,818.68
Claimant affected by the SSSC (Bedroom Tax)	1539	£385,638.39
Claimant affected by the LHA Reforms	149	£62,516.72
Claimant affected by two or more reforms	6	£1,841.06
Claimant not affected by welfare reforms	256	£209,554.95
	Number of Awards	Amount Awarded
Welfare Reform Impact (UC) Claimant affected by the SSSC (Bedroom Tax)	16	£7,861.84
Claimant affected by the LHA Reforms	6	£2,696.19
Claimant not affected by welfare reforms	27	£18,164.39
		<b>£703,092.22</b>

The working group believe it would be helpful for a policy for the spending of DHP be developed. Members would like to see the policy include a scoring matrix for use by staff to assist with the consistency of DHP awards.

The working group learned that a revised DHP policy has been drafted and is awaiting final approval. The main changes are

- Accepting claims from third parties such as solicitors and RSL's who are working on behalf of the customer;
- Proactively identifying customers who are struggling to meet their housing costs rather than waiting for an application;
- Understanding customers who do not require a full income expenditure assessment, based on their income and circumstances therefore speeding up the process;
- Considering one off lump sum payments that can be considered under the law.

## Crime

Traditionally crime has been shown to increase as people struggle to make ends meet. (Field, 1999; Carmichael and Ward, 2001).

Where poverty and deprivation become concentrated, there are often associated increases in the black market and a retreat into 'community justice' and dealing with crimes within communities (Ibid). It is possible some Walsall people may turn to crime to make ends meet.

The peak age of offending is 17 (Gunn and Taylor, 2014). Under 25's will not qualify for the 'national living wage' and, in the majority of cases will become ineligible for housing benefit, we may see increased criminal activity in this age group.

This may place additional pressure on criminal justice agencies and may place additional pressure on communities.

## **Health**

As people struggle to pay bills and economise we may see an increase in malnourishment and an associated increase in demand for support from health services because of associated illnesses and diseases. The increased stress and pressure placed upon households struggling to make ends meet may lead to an increase in stress related illnesses.

## **Foodbanks**

Foodbanks have been created across the country to help residents in crisis. There are two organisations that operate foodbanks in Walsall. The Black Country Foodbank (BCFB) that operates from 6 centres across the borough 6 days a week and the Walsall North Foodbank (WNFB), operated under the auspices of the Trussell Trust, that operates from Pelsall Methodist Church 2 days a week. Foodbanks offered a nutritionally balanced supply of food that would last for 3 days.

Both Foodbanks reported that benefit related issues were a major cause of residents being referred to foodbanks. For the BCFB over half of clients referred were due to benefits issues with the chief cause being benefit delays and changes. At the WNFB 55% the primary reason clients were using the Walsall North Foodbank was due to benefits related issues. This was compared to 44% in the West Midlands and 42% nationally which showed that Walsall had an increased problem with benefit related issues forcing people into crisis than other areas.

In terms of demand 2139 adults and 1369 children had been provided with food vouchers in Walsall for the BCFB. When the working group met with the WNFB they had been open for 14 months and already assisted over 1,000 people. Demand was increasing on the WNFB since its opening.

The BCFB had to reluctantly limit the amount of food vouchers that Walsall Council could issue to 15 vouchers a week. This was because the Council had previously issued at least double that number and supplies for the network were being put under too much strain. The WNFB supplied 12 food boxes a week directly to the Council.

Both Foodbanks were concerned that further benefit reforms could potentially increase the number of people reaching crisis and needing support from a foodbank.

Some foodbanks were under pressure to maintain sufficient stockpiles of food to meet the demand they were placed under. Both Foodbanks welcomed support from the local community in order to meet their objectives. However, both Foodbanks stated that it would be beneficial for their clients if support



staff from the Council were available to advise their visitors in order to assist them and help them moving forward.

## **Children**

Within Walsall, over 16,000 children already live in poverty (Public Health England, 2014). Child poverty carries with it significant implications for educational attainment, health, malnourishment and success in later life (Duncan and Brooks-Gunn, 2000).

The changes will push an estimated 40,000 children into poverty nationally (Butler and Malik, 2015) and with over 45% of Walsall's population being among the 20% most deprived in the country, there is likely to be a rise in child poverty within the borough. Services including those provided by schools, Sure Start programmes and Children's Services will see a further increase in demand for support as families struggle to make ends meet.

The working group understand that the Education and Children Services Overview and Scrutiny Committee and undertaking an investigation into child poverty.

## **Benefit sanctions**

The working group were informed that benefit sanctions were playing a role in creating financial crisis in local residents. Witnesses also suggested to the working group that different Jobcentres were more likely to place benefit recipients on sanctions than others. To explore this further the working group invited the Department for Work and Pensions (DWP) to a meeting.

The working group requested figures on the number of benefit claimants at each jobcentre in the borough and the numbers on sanctions and the reasons why. The local DWP representatives were unable to supply the figures the working group requested in sufficient detail. Therefore it was not possible for the working group to understand the level of impact benefits sanctions are placing on local residents and if there is a difference in the administration of sanctions between each Jobcentre. A Freedom of Information request for the information has been made.

The DWP representatives described how each jobseeker was required to agree to a 'claimant commitment'. This set out what the jobseeker was to do in order to look for work and in return for meeting the terms of the commitment they received a benefit payment. If the claimant commitment was broken then the DWP had the discretion to place an individual under sanction whereby they would lose some or all of their benefits for a defined period. For example it was possible for a person to lose every penny of £71.50 a week job seekers allowance claim if it was decided they had not met the terms of their claimant commitment. For claimants of Universal Credit they would lose £8.20 of their benefits for a set number of days for each offence. Due to the complex nature of Universal Credit claims the DWP representatives the working group met were unable to give an example of the value of a typical

claim. The DWP explained that decisions on whether an applicant should be placed under sanction were made by a national staff. But as the decisions would be based upon a referral and evidence supplied by local staff the working group were unable to rule out without access to statistical data that there could be discrepancies on the numbers of residents placed under sanction at each local Jobcentre.

The element of the welfare reforms that is encouraging people back to work is supported in principle but Walsall is a disadvantaged area with high levels of worklessness. This means the borough is disproportionately affected and the cost of the response to the welfare reforms is higher. Whilst the working group appreciated the need for a 'carrot and stick' approach to encourage people into work they were concerned about the impact of an individual being placed under sanctions. If a residents only income was their job seekers allowance and they lost their money due to sanctions then that person would instantly be placed in a crisis. This would then place a demand on other partners such as the council, registered providers and Foodbanks.

### **Universal Credit**

The working group had concerns about the introduction of Universal Credit placing residents under more financial strain.

The working had two main concerns:

- Six week delay in receiving first benefit payment after beginning a claim, and;
- Paying of benefits in monthly instalments.

With regard to the six week delay in receiving the first UC payment the working group was concerned that residents would be immediately plunged into crisis if they had no access to any money for a whole 6 weeks until their first UC payment came through. This would place the Council and partners under increased strain through crisis support and delayed rent payments.

With regard to the paying of benefits in monthly instalments the working group were concerned that residents may find difficulty budgeting when faced with difficult spending decisions. The working group was mainly concerned about what the impact could have on registered providers if housing benefit payments were made directly to claimants. For example, if a young mum receives all her benefits up front but is faced with a choice of paying her rent to a registered provider or buying school uniform for her young child what will she be more likely to do? The working group would like to see budgeting and money management training become available to local people to try and mitigate the risks they saw in this area.

## Partnership working

The working group recognised the good partnership working that was already taking place.

A Welfare Reform Group exists that consists of RSL's, DWP, CAB and Walsall Council, who look at welfare reforms, how these reforms affect local people and how key partners can work together to provide the support that local people need. The meetings are currently chaired by Sarah Johnson (WHG). Tom Parkes from Friendship Care and Housing is the vice chair. The Group has held two meetings in December 2015 and February 2016. The main things the group have looked at so far are follows:

- Jointly working on providing briefing sessions to work coaches at DWP(UC staff) to help them identify customers that need help with personal budgets and to make referrals to the local authority. Background information about other services is also provided to help Jobcentre staff support the customer more effectively;
- Communication with residents regarding the roll out of. The working group were pleased to hear the Walsall Council website would be updated with more information regarding UC.;
- Issues RSL's are finding with UC cases are being raised and taken up by DWP to ensure the relationship and any issues identified are resolved;
- CAB are going to provide training on European Economic Area based on their experience of dealing with these customers and possibilities we should all be considering. (joint learning)
- Looking to work in partnership to ensure funding available, for example DHP, is used to effectively help and support customers who are affected by the welfare reforms.

As we move forward the working group were conscious that the impact of the welfare reforms would become greater and the resources of the local authority would also decline. This would potentially leave a gap between increased demand for support and a reducing public sector that could potentially find it difficult to support all local residents that need assistance.

It is with this context in mind that the working group recommend that partnership working continues and improves moving forward. If all partners work together then limited resources can be deployed in the most effective manner to help manage the impact of the welfare reforms on the area's residents and businesses.

A key way that partners can help each other is by sharing data between one another. This will enable greater corporate knowledge to be established to enable increased targeting of problem areas and more focused service design. To this end the working group would like to recommend that profiling of residents should take place to enable the Council and its Partners to identify those residents being badly affected by the welfare reforms to be

proactively assisted before they reach crisis. Any profile data that is developed should be shareable between council services and partners to enable greater impact. The Welfare Rights Service now also works with Jobcentre+ to identify people in financial difficulty and support them.

## **Beneficiaries**

Some groups will gain from the changes introduced in the latest budget. Pensioners incomes will continue to be protected by the 'triple lock' introduced under the Coalition government.

The increase in the tax free earnings allowance to £11,000 will leave some low income families better off, particularly if they also benefit from the introduction of the 'National Living Wage'. In some cases, this may be offset by the cuts to tax credits, however it will have a positive impact on middle earners who will see a marginal rise in their income of around £150 per annum (Richards, 2015).

Some households with children will also benefit. For instance, a two adult, two child household where both adults are working will find themselves better off after the 'National Living Wage' is introduced in 2016.

## Conclusion

The welfare reforms are having a big impact on the borough. They are affecting:

- a) Residents
- b) Council
- c) Partners
- d) Local economy

The changes introduced in the July 2015 Budget are complex and will have a profound impact on some families. Some, including pensioners, middle-earners and multiple earners within the household should be better off. Many others, particularly those reliant upon benefits will be worse off. There is likely to be an increase in demand for advice and support from the following services as a result of increased financial hardship, increased crime, increases in arrears and people at risk of homelessness and a general decrease in the health of affected populations:

- Housing and homelessness
- Welfare Rights
- Benefits (this demand will evolve as more people move to Universal Credit)
- Crisis support
- Foodbanks
- Citizens Advice Bureau and Ablewell Advice
- Housing Associations
- Health Providers
- Schools
- Child Support agencies (e.g. Children's Services and Sure Start)

The element of the welfare reforms that is encouraging people back to work is supported in principle but Walsall is a disadvantaged area with high levels of worklessness. This means the borough is disproportionately affected and the cost of the response to the welfare reforms is higher.

The Council plays a pivotal role in supporting residents affected by welfare reforms. The work of the Welfare Rights Service was recognised as outstanding.

Partnership working is generally good and needs to continue and, most importantly, improve as public sector budgets contract. Data sharing between all partners needs to improve, in particular from the Department for Work and Pensions who were reticent with sharing data with the working group.

As financial resources decline more profiling of residents should take place to enable the Council and its Partners to identify those residents being badly affected by the welfare reforms to be proactively assisted before they reach crisis. Any profile data that is developed should be shareable between

council services and partners to enable greater impact. The Welfare Rights Service also works with Jobcentre+ to identify people in financial difficulty and support them.

Universal Credit – the working group had concerns that there was a six week timeframe to process UC applications before applicants could receive any benefit payments. Members were also worried that vulnerable residents would find it difficult to manage a monthly budget and pay all their bills how housing payments were made directly to applicants rather than landlords. The working felt that residents should be able to access budgetary training to assist them in managing monthly UC payments. Further to this lessons on how to manage household finances should be undertaken in schools to improve financial literacy in the long term.

The working group were concerned that funding for crisis support had ended and was only continuing in Walsall due to previous good financial management. What will happen when this money runs out?

A policy for the spending of Discretionary Housing Payments should be developed. This should include a scoring matrix for use by benefits officers to assist with consistency with DHP awards.

Best practice with the management of welfare reforms should be shared amongst those authorities making up the combined authority.

## **Recommendations**

**That:**

- 1. The council and its partners need to continue to offer support to those residents affected by the welfare reforms. This support should include:
  - 1. Support and advice;**
  - 2. Crisis support**
  - 3. Budgeting and financial planning****
- 2. Improvement should be sought to existing partnership working in order to maintain service levels during a period of declining public sector funding;**
- 3. Data sharing between partners should improve;**
- 4. Profiling of local residents should take place to enable the Council and its partners to identify those residents adversely affected by the welfare reforms to be proactively assisted before they reach crisis;**
- 5. A policy for the spending of discretionary housing payments (DHP) should be developed. This should include a scoring matrix for officers to use to assist with the consistency of DHP awards;**
- 6. Lessons on household spending and budgeting should take place in schools;**
- 7. Consideration should be given to providing welfare advice and support outreach services at the boroughs foodbanks.**

## TERMS OF REFERENCE

<b>Work Group Name:</b>	Welfare Reform Working Group
<b>Committee:</b>	Corporate & Public Services Overview & Scrutiny Committee
<b>Municipal Year:</b>	2015/16
<b>Lead Member:</b>	L. Jeavons
<b>Lead Officers:</b>	Elise Hopkins Craig Goodall
<b>Membership:</b>	P. Bott C. Creaney K. Ferguson L. Rattigan
<b>Co-opted Members:</b>	1 x Member from Education and Children's Services Overview and Scrutiny Committee 1x Member from Social Care and Health Overview and Scrutiny Committee

<b>1. Context</b>	
	<p>The former coalition government introduced a series of welfare reforms that have affected local residents, the council and its partners between 2010-2015. The response to these reforms was monitored by the former Corporate Scrutiny and Performance Panel.</p> <p>In the 2015 summer budget the Chancellor announced a further raft of savings to be achieved through the welfare budget that will lead to further reforms being introduced over the next three years.</p>
<b>2. Objectives</b>	
	<p><b>What do you want it to achieve? It is important to have clearly defined outcomes at the start to give the working group direction and ensure it adds value.</b></p> <p>The working group wishes to:</p> <ol style="list-style-type: none"> <li>1. Understand the proposed reforms and what the cost and impact will be on residents, the Council and partners;</li> <li>2. Understand how residents are helped with mitigating the impact of the welfare reforms;</li> <li>3. Understand how the Council works with its partners to manage the impact of the welfare reforms on residents and their own organisations;</li> <li>4. Explore methods in which partnership working can be improved;</li> <li>5. Explore methods by which the support offered to local residents can be developed to help local people manage the impact of the welfare reforms being introduced up to April 2018.</li> </ol>
<b>3. Scope</b>	
	<p><b>What should be included and excluded?</b></p> <p>The working group will consider the welfare reforms and their likely</p>



	<p>impact and support available to residents. This includes services provided by the Council, partners and the voluntary and community sector.</p>
<b>4.</b>	<b>Equalities Implications</b>
	<p>There is a legal and moral obligation to ensure that, when undertaking a scrutiny review, the impact of policies; procedures; strategies and activities is considered within the 6 strands of equality (Age, Disability, Gender, Race, Religion or Belief, and Sexual Orientation)</p> <ul style="list-style-type: none"> <li>• How will the working group consult with each of these six groups regarding this review and its outcomes?</li> <li>• If an EIA has been carried out for this service\policy then what were its outcomes? Can this be mapped into the review? If no EIA has been carried out by the service is one required and can this be reported to the working group?</li> </ul> <p>The working group will seek to identify whether or not any groups are disproportionately affected by the welfare reforms.</p> <p>The working group will also consider the Equality Impact Assessment drafted by the Government regarding their welfare reforms.</p>
<b>4.</b>	<b>Who else will you want to take part?</b>
	<p>Think about who else, other than lead officers and members, it would be useful to include either as part of the working group or to bring information at specific points. For example- partners, stakeholders, other authorities.</p> <p>Department for work and pensions Registered social landlords Money, Home, Job including Welfare Rights Service Citizens Advice Bureau Age UK Ablewell Advice Black Country Foodbank Trussell Trust Foodbank</p>
<b>5.</b>	<b>Timescales &amp; Reporting Schedule</b>
	<p>Needs to be completed within the same municipal year and so should be able to report to full panel by the last meeting at the latest but consider the subject- is there anything else that it may need to tie into (e.g. academic or financial year or to coincide with national/sub-regional developments)</p> <p>How often will update be provided to full panel?</p> <p>22 October 2015 – Working Group terms of reference</p> <p>14 April 2016 – Final report and recommendations</p>

<b>6.</b>	<b>Risk factors</b>						
	<p>Are there any obstacles that can be predicted? For example, is it dependent on other organisations outside your control and duty to cooperate? Identifying these factors early and how they will be mitigated should help minimise their impact.</p> <table border="1"> <thead> <tr> <th>Risk</th> <th>Likelihood</th> <th>Measure to Resolve</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Risk	Likelihood	Measure to Resolve			
Risk	Likelihood	Measure to Resolve					

Date Agreed:		Date Updated:	
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