

REPORT TO: SCRUTINY COMMITTEE - COMMUNITY
Date of Meeting: 9 September 2014
Report of: Assistant Director Customer Access
Title: Welfare Reform Impact Update

Is this a Key Decision?

Not applicable, this report does not seek a decision by members.

Is this an Executive or Council Function? Not applicable

1. What is the report about?

This report is presented to update members on the impact on residents and Exeter City Council (ECC) of the welfare reforms introduced since April 2013, and outlines actions that have been taken to minimise this impact.

2. Recommendations:

That members note the impact of welfare reform in relation to current demand, potential future demand and the resource need that will affect the Council. To seek member's approval for further welfare reform updates to be presented as member briefings.

3. Reasons for the recommendation:

This is an update report for members reflecting the current & forecast future demand on the Council's services and capacity to support ECC residents in relation to the welfare reform changes.

4. What are the resource implications including non financial resources.

- 4.1 The primary resource implications identified from April 2013 is staff time to understand and resolve complex financial & support issues that customers are presenting with. A dedicated team of officers are supporting Customer Service Officers to find solutions both within and outside ECC's provision across all issues from financial to individual care and support needs. A team of officers is dealing with a large volume of complex arrears cases whilst also maintaining standard recovery across Housing Rent, Council Tax and Housing Benefit overpayments, using negotiation skills to promote a culture of payment whilst also identifying solutions to financial and support needs where appropriate. A reduced team of Benefit Assessors has struggled to keep up with the caseload volume to assess, calculate and pay Housing Benefit and Council Tax Support.
- 4.2 Financial support that officers can currently offer include: the use of discretionary funds in the form of Discretionary Housing Payments (DHP), Exceptional Hardship Payments (EHP) and Local Welfare Support (LWS).
- 4.3 Resources in the future may be further stretched by the ending of the LWS fund that is currently administered by ECC on behalf of Devon County Council (DCC). This funding started in April 2013 following the abolition of social fund payments administered by the Department for Work and Pensions (DWP) and will cease from

April 2015; however demand and expectation has now been created amongst ECC residents by the provision of support for those with high priority short term needs in the community. It is highly likely that the demand will remain after April 2015, as customers still seek support from the Council, but officers will need to manage the demand by working creatively with partners to identify and source alternative external resources that will still be time consuming. However, it is not likely that the Council will be able to offer the level of support currently available and therefore we need to manage expectations from residents. Due to the introduction of this Fund, it is difficult to evaluate the true impact of welfare reform for ECC residents its use has, to some extent, masked the full impact which may only become apparent after April 2015.

- 4.4 A future change that is anticipated is the direct payment of Housing Benefit to all claimants. Currently Housing Benefit claimants who are social sector tenants have their Housing Benefit entitlement paid direct to their landlord. As part of the move to Universal Credit, the DWP announced over 12 months ago that direct payments would be rolled out nationally. The impact of this on the Council as a landlord will mean all tenants entitled to Housing Benefit receiving their payment direct. From direct payment pilots set up by the DWP so far the evaluation has been mixed, with an overall message that the landlords involved in the pilot have needed to apply intense management techniques to support and encourage customer behaviour towards rent payment.
- 4.5 In April 2013 the Exeter Money Advice Partnership (EMAP) was established, this is a collaborative project between ECC, Citizens Advice Bureau and Homemaker to bring a debt management service within the 'Help me with my financial/housing problem' System. A full evaluation project will start from September 2014 to measure the effectiveness of the current EMAP referral system in place to determine the volume and complexity of cases where ECC cannot provide an effective customer solution alone. The EMAP project has been funded through the LWS funding, therefore when this funding stream ceases there will not be financial resources to continue. A decision will be needed on the continuation of this partnership project and is currently under consideration by the System Leads for Finance and Housing. Members may be required to make future decisions on funding to support this partnership resource.

5. Section 151 Officer comments:

- 5.1 There are no specific financial implications for the Council contained in this report.

6. What are the legal aspects? Not applicable

7. Monitoring Officer's comments:

- 7.1 This report raises no issues for the Monitoring Officer

8. Report details:

- 8.1 From April 2013, welfare reforms have been introduced locally across Housing Benefit and Council Tax Support. In September 2012, ECC officers started meeting to discuss and identify a co-ordinated approach to these changes that would affect ECC residents.
- 8.2 The welfare reforms implemented from, or after April 2013 are:
- Council Tax Support scheme for working age customers

- Housing Benefit social sector size restriction
- Housing Benefit Cap
- Changes to the uprating of Local Housing Allowance (LHA)
- Abolition of Social Fund via DWP (introduction of LWS)
- Introduction of Personal Independence Payments (PIP) (to replace Disability Living Allowance (DLA))

8.3 The impact of Universal Credit (UC) has not yet been realised in the Exeter area. Pilot sites across the country have been established by the DWP and as customers move they will bring their UC entitlement with them. The DWP announced further claimant criteria areas that will be rolled into UC from this summer to expand the pilot evaluation.

8.4 An internal case-working team will be in place for September 2014 to allow close monitoring of referrals to EMAP to commence. External agencies have been advised that the LWS fund is closing and given links to alternative streams of funding to apply to. ECC is currently working with Devon County Council (DCC) and other district local authorities (LAs) on an exit strategy. Work has started to bring in a Credit Union to the 'Help me with my financial/housing' System.

8.5 Funding has been secured for temporary extra staffing. Recruitment should take place in September 2014. A temporary structure is being put in place ahead of the formal restructure, so that structured recovery can be undertaken equally on all debts instead of priority being given to Council Tax. A one-off exercise is being undertaken on existing bailiff cases following the changes to enforcement regulations. Work is currently in progress on a new corporate debt policy and new write off policy to standardise procedures across types of debt.

8.6 Extra funding has been secured from DCC, Police and Fire authorities for compliance activities including Council Tax Support and discount/exemption checks. £16m funding is being made available by the Department for Communities and Local Government (DCLG). ECC is submitting a joint bid with DCC, Plymouth and Torbay unitary authorities and all other Devon LAs for £750k from this funding for Devon. The result will be announced in November 2014.

9. How does the decision contribute to the Council's Corporate Plan?

9.1 The corporate plan is met in the following areas:

- Develop proposals for responding to the end of Local Welfare Support
- Develop the work of the OVOD team
- Maximise income and secure the gateway against fraud

10. What risks are there and how can they be reduced?

10.1 The current restructure will need to realise savings in 2015/16; this could lead to a reduction in the staff resources available to deal with the current demand in the System.

10.2 A risk of demand outstripping the resources ECC has available to cope. Robust monitoring of measures and trends to inform future demand areas is key. In addition, prediction of future demand would be desirable to inform resource need.

- 10.3 A risk of ECC's ability to maintain the current levels of service if demand increases and resources are reduced. Members may need to make future decisions on the direction, level and depth of service provided to Exeter residents.
- 10.4 The proposal of further welfare reforms surrounding the reduction of the Housing Benefit Cap and reforms to the level of benefit claiming for households with children. The further impact this may produce on ECCs service provision could jeopardise the maintenance of the current level of support and understanding within the 'Help me with my financial/housing problem' System.
- 11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?**
- 11.1 There is likely to be an impact across all ECC residency profiles if future funding and service provision was reduced. This will have an equality impact and may have an impact on health and wellbeing for the most vulnerable groups.
- 12. Are there any other options?**
- 12.1 To maintain and if necessary expand the current System resources where appropriate to support Exeter residents with a robust case working resource that can operate holistically across the System by maximisation of customer incomes and provision of effective debt prevention solutions.

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Local Government (Access to Information) Act 1972 (as amended)
Background papers used in compiling this report:-

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