

Verbal update to Scrutiny Committee – Community 28.5.13

Last September we presented a report to SMT that highlighted changes happening from this April due to Welfare Reform.

Tonight we are here to give a verbal update on the impact so far. With a full report to follow in September.

To keep this brief we will limit the update to:

1. Council Tax Support
2. Benefit Cap
3. Local Welfare Support
4. DHP and social sector size criteria

Council Tax Support

Our local scheme to replace CTB came into effect on 1st April. This affected working age only as those of pension age are protected by a national scheme. The main element of the scheme is that it restricts support to a maximum of 80%

In February we wrote to all 5,839 customers affected. These were targeted letters taking into account a customer's circumstances rather than a standard letter, and gave an indication of how the customer would be affected and what we could do to help.

75% (4,404) of those customers affected didn't have any arrears (c/tax, rent or HB), so were starting with a clean slate.

However 3,342 of these had been getting full CTB so weren't used to having to pay.

Of all those affected, 13% are also affected by the bedroom tax.

Of the 69 customers already with multiple debts to the council, 16% are also affected by the bedroom tax.

When the c/tax bills were sent in March, we included an explanatory leaflet, the aim of which was to promote discounts, disregards and exemptions available and to encourage people to contact us if they would struggle to pay.

We offered:

- Spreading payments
- Alternative payment dates or frequencies
- Assistance with budgeting
- A benefit check
- Referral to CAB/Homemaker

Our prediction was that c/tax collection rates would suffer. It's too early to tell as we are only in month 2, however overall collection looks promising so far.

The overall collection target for the year is 96.5%.
As at the end of April, 11.6% had been collected which means we're on target.

However of the 3,342 previous 100% CTB cases, just under a quarter haven't yet made any payment.

Of the £953k due to be paid for 2013-14, as at 23rd May, £141k had been paid (i.e. 14.8%)

1,484 reminders were sent at the end of April to those previous 100% CTB cases that hadn't yet made their first payment.

As at today, 778 still haven't paid and will have a final reminder sent shortly. That's 23%.

The collection rate for ECC rents is pretty much the same as it was the previous year with arrears around the 1% mark.

We've only made 1 award from the exceptional hardship fund.
Where awards have been turned down this has been because they were unwarranted (unrealistic expenditure items) or we found alternative solutions utilising DHP or LWS. All applications went through the understanding process we follow in our system review.

It will be some months before we see the full impact on c/tax and rent collection, and we could see an increase in applications for awards from the exceptional hardship fund.

We're continuing to work with the rest of Devon.
No challenges received on the scheme or process.
No negative feedback from equality groups.

Our scheme is only valid for 1 year and so next year's scheme will need to be agreed by full Council in December.

If we change our scheme for year 2 we will need to go out to consultation (Aug to Oct).

My recommendation would be to keep the scheme the same as we need a full year to gather proper data on how customers are being affected by this and other aspects of welfare reform.

Benefit Cap

The household benefit cap will introduce a total maximum amount that can be claimed in all benefits for non-working families.
Affected cases are identified by the DWP and notified to LAs.
The cap will be applied by reducing HB awards.
Implementation has been delayed from April to 15 July 2013. Rollout will now be phased with a small number of cases being notified daily until all affected cases have had the cap applied by the end of September 2013.

DWP have been sending us reports every couple of months. The last one was received on 13 March and showed 38 households affected.

9 = private rented accommodation
13 = H/assoc
11 = council temporary
5 = council tenants

Further analysis has seen this drop to 22 (reasons including, moving out of area, starting work, household changes reducing benefit income etc.)

That equates to 42% of affected cases dropping off within 7 weeks, however until there is any evidence of this new policy driving changes in claimant behaviour, it would seem reasonable to assume a similar number join the list as leave it.

Apart from these short term cases, there are 7 cases that were on the original April 2012 list, so affected cases fall into two broad categories:

1. short term affected
2. long term affected

Each group will have very different underlying issues and will require different approaches to manage the impact.

Short term affected – if the high churn rate is consistent that could equate to 160 cases during the year all of whom will need to be looked at, HB entitlement reassessed and any extra support provided evaluated when they join the list, when they leave the list and every time they have a material change while they are on the list.

Long term affected – of the 7 claims that have been affected for over a year:

- 5 are single parent households
- None have worked within 5 years of the cap applying
- 4 have not worked in the history of their HB claim
- Households have an average of 5 dependant children (between 4 and 7)
- 3 live in social housing and 4 in private rented
- They have been in receipt of HB for an average of 12.8 years
- They have been out of work receiving HB for an average of 9.5 years.

If the full shortfall for all affected claims was to be met with DHP that would cost £84k equating to 38% of the full DHP budget for this year.

For short term cases a temporary award of DHP could give the customer time to adjust their budget to cope or change their circumstances.

So as not to disincentivise the customer from taking the required action, the award would be short term and at a reducing rate.

For the long term cases, there is less likely to be an imminent change. To meet the full shortfall would cost £37k so long term DHP may not be feasible, but someone will need to work with these customers to explore the issues preventing the household from escaping the cap.

Local Welfare Support (LWS)

From April, two elements of the national Social Fund were abolished (Crisis Loans and Community Care Grants). A reduced amount of funding was passed to upper tier and unitary authorities to devise local schemes to provide welfare support.

In Devon, funding and responsibility for delivery has been passed to district level through local agreement with 3 key outcomes which the funding must support:

1. increase self reliance and resilience
2. quick and effective support for those with high priority short term needs
3. help for people to establish themselves in, or remain in, the community

As well as providing direct support in kind to individuals, it is anticipated that funding will be used to commission capacity in other agencies where they are better placed to provide the services needed.

A range of services has been put in place to cope with possible demand. The intention is to be as flexible as possible in order to be able to use funds in whichever way best supports a successful outcome for the customer.

Rather than create a whole new service, we're utilising support within existing services. No cash is ever given and there is no application to complete. It is expected that the need for support will come out of conversations with our understanders.

A large number of approaches were made in the first few days from people directed by national DWP advice lines looking to access the new "crisis loans". Once it was made clear that there was no cash loan or grant available much of this demand stopped.

Many approaches are from people who have been left with no money due to breaks in their DWP benefit entitlement. This may be because they're moving from one benefit to another, their benefit has been stopped temporarily or new claims haven't been decided yet.

We have met with our local JCP so that they may understand our scheme and so that we have a better understanding of their application process, payment patterns, hardship payments and short term benefit advances.

During the first 4 weeks, we helped 64 customers at a cost of £7k. The majority (45) have been short term emergency need e.g. food, electric. However we've also helped 29 people to establish themselves in the community (white goods and furniture).

This scheme requires a bespoke service for each person presenting for help. The solutions we are able to offer are varied and this makes administering the scheme a complex operation. The volume of work being generated by this scheme has already led to extra benefit support staff being added to the on pull rota at a time when there is a significant backlog of work within the benefit section. Even with this increase it is proving difficult to keep on top of the work and I will be looking to use some of the funding to increase staffing as we can't cope at current staffing levels. (£51k admin funding)

Discretionary Housing Payments (DHP)

DHP is central to the implementation of many strands of welfare reform. We've had it for years, and this year the national pot has increased from £20m in 2010 to £155m.

Exeter's budget last year was £103k, and this year is £219k.

The extra monies are to specifically meet hardship caused by changes to the benefit system. LAs have not been told how much they should be spending in each area, but an approximate split of ECC expenditure for this year is:

- £45k baseline spending
- £91k for changes to LHA rules (30th percentile, 4 bedroom cap, under 35s etc.)
- £68k for introduction of size criteria in social rented homes
- £15k for the benefit cap

Around 800 HB claimants were written to in November 2012 giving them advanced warning that they were facing a reduced award from April because they had too many bedrooms in their home. To date 104 have applied for help from DHP.

66 of these were granted at a cost for the year of £32k.

A significant amount of Senior Assessor time has been spent dealing with these applications, working closely with landlords and other support agencies. Where claims have highlighted other issues, e.g. the presence of overnight carers, these have been pursued to avoid the need for DHP.

Where awards have been made, some are for the whole year where there is no prospect of circumstances improving. Others were paid for 3 or 6 months to give customers breathing space to review their circumstances or secure smaller accommodation. It is likely that many of these will reapply in the next few months. We also feel that there are other struggling customers that are currently hidden and will only surface when arrears start to hit.

Volumes of normal DHP applications remain similar to last year. We continue to see high demand for lump sum payments to help with the costs of moving.

ECC has been using DHP to cover rent deposits since 2010. In 2012/13 over 60% of this fund was used to pay rent deposits. As demand on the fund increases due to welfare reforms it is sensible to consider whether there are other methods of achieving the same outcome.

Finding a deposit as well as a months rent in advance on top of removal costs is challenging for anybody, but especially for those on benefit with little disposable income. Changes to HB and other welfare reforms are making existing properties unaffordable for some. Where HB is not meeting the full rent charge tenants are left with the choice of meeting the shortfall, accruing arrears or moving to cheaper accommodation. We have been using DHP as a way of supporting people to move from unaffordable accommodation into that which can be sustained on current benefit levels.

Downsizing

The number of downsizing enquiries has doubled with over 90% giving the reason for their enquiry being the changes to HB.

45 council and housing association tenants have downsized in the last 12 months and this doesn't include those that have downsized independently of any initial downsizing support.

Last year we let just over 412 properties overall with 166 of those 1 bedroom properties.

We also let an additional 62 sheltered properties with 54 of those 1 bedroom.

Virtually all 1 and 2 bed properties are advertised as priority for downsizers except those which are adapted.

There are 235 applicants on Devon Home Choice (out of 800 impacted overall by Social Sector Size restrictions) who are highly prioritised as downsizers from both City Council and Housing Associations properties in Exeter. However 46% of these applicants have never bid on a property.

We are integrating the mutual exchange system with Devon Home Choice to simplify the opportunity to swap tenancies.

This report was presented by Laura Fricker (HB Manager) and Chris Hancock (Housing Needs Manager)