

Sefton Metropolitan Borough Council

Report to: Cabinet	Date of Meeting: 31 January 2013
Subject: Welfare Reform	
Report of: Strategic Director- People	Wards Affected: All
Is this a Key Decision? Yes	Is it included in the Forward Plan? Yes
Exempt/Confidential	No

Purpose/Summary

- 1) To inform Members of the implications of the Welfare Reform Act 2012.
- 2) To consider how Sefton Council working with key partners can develop a response to Welfare Reform to mitigate where possible any impacts on our communities.
- 3) To provide an update on progress so far on looking at the impacts of Welfare Reform.

Recommendation(s)

It is recommended that:

- 1) the partnership Action Plan approach is endorsed.
- 2) progress to date on the themes in the Action Plan is noted.
- 3) further specific workshops on themes and neighbourhoods are held with partners.
- 4) progress reports are brought back to Cabinet every six months.
- 5) the real energy and commitment from partners and within the Council to mitigate impact where possible is noted and encouraged.
- 6) a small reference group comprising Cabinet Members – Children, Schools, Families and Leisure; Older People and Health and Communities and Environment be established to oversee the direction of Welfare Reform mitigation.

How does the decision contribute to the Council's Corporate Objectives?

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community	X		
2	Jobs and Prosperity	X		
3	Environmental Sustainability		X	
4	Health and Well-Being	X		
5	Children and Young People	X		
6	Creating Safe Communities	X		
7	Creating Inclusive Communities	X		
8	Improving the Quality of Council Services and Strengthening Local Democracy	X		

Reasons for the Recommendation:

- (i) Ensure that Cabinet are fully aware of the potential impacts of Welfare Reform.
- (ii) Enable the Council to set a clear direction and focus for efforts to mitigate impacts of Welfare Reform.
- (iii) To put in place any mitigating actions if possible and work with partners to do so.

What will it cost and how will it be financed?

(A) Revenue Costs

There are minimal costs for organising workshops which are already contained within key budgets. The remainder of costs relate to existing officer time. There may be costs associated with pump priming some of the infrastructure for Welfare Reform. These are contained within a separate report dealing with the Social Fund.

(B) Capital Costs

n/a

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Legal - Welfare Reform Act 2012 and S1 Localism Act 2011.
Human Resources

Equality		
1.	No Equality Implication	<input type="checkbox"/>
2.	Equality Implications identified and mitigated	<input type="checkbox"/>
3.	Equality Implication identified and risk remains	<input checked="" type="checkbox"/>

Impact on Service Delivery: The Action Plan has been put into place to mitigate where possible the impacts of Welfare Reform. However, it is clear that even with partner engagement, the Council will only be able to make a marginal impact. There are significant efforts to raise awareness of welfare reform through the introduction of a shared web page and through training of staff. Similarly, work by housing partners to mitigate the impact of housing benefit and trying to prevent homelessness will support the council. However, Welfare reform will inevitably impact on residents and the Council will need to take a view on potential impact on service delivery. It is difficult at this stage to quantify any future impact.

What consultations have taken place on the proposals and when?

The Head of Corporate Finance (FD2069/13) has been consulted and has no comments on the report.

Head of Corporate Legal Services (LD1385/13) have been consulted and any comments have been incorporated into the report.

Are there any other options available for consideration?

The proposed mitigation measures have been developed in partnership with key organisations such as JobCentre Plus, Citizens Advice Bureau, One Vision Housing and the community, voluntary and faith sector. Various options were suggested through the vibrant and well attended partner workshops and these have been considered for both deliverability and viability. The options put forward in the Action Plan are considered to be those that can be progressed with a practical outcome.

Implementation Date for the Decision

Following the expiry of the “call-in” period for the Minutes of the Cabinet/Cabinet Member Meeting

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Background Papers:

There are no background papers.

1. BACKGROUND AND POLICY CONTEXT

- 1.1 The Welfare Reform Act 2012 received royal assent on the 8th March 2012. The Act – one of the Coalition Government’s flagship bills - puts into law many of the proposals, as well as the broad vision, contained in the 2010 Welfare Reform White Paper *Universal Credit: Welfare that Works*. As with that document the Act is primarily concerned with replacing a number of benefits with Universal Credit. It also develops on a number of changes existent in a nascent form in that White Paper, relating to Housing Benefit, Council Tax Benefit, Disability Benefits, and Employment and Support Allowance.
- 1.2 The premise of the Welfare Reform Act is to move more people into work; simplify the complexities that exist around benefits and to realise savings estimated at £28 billion. Various announcements since the initial financial assessment of savings has made this figure significantly higher.

2. KEY ELEMENTS

The following sets out each of the key elements:

2.1 Household Benefit Cap

- 2.1.1 From April 2013 the Government will put a limit on the total amount of benefit that working age people can receive. This means that households claiming out of work benefits will no longer receive more in benefits than the average wage paid to those who are working. Total benefit payable will be limited to a maximum of £500 each week for couples and lone parents and £350 for single people, though entitlement to certain other benefits will exempt claimants from the Household Benefit cap.
- 2.1.2 Local authorities will be responsible for applying the Household Benefit cap to new and existing claims from April 2013, through Housing Benefit deductions. From October 2013 new claims will start to be taken through Universal Credit and the cap will be applied directly to those claims.

2.2 Reforming Council Tax Support

- 2.2.1 Local authorities have been given responsibility for developing a local Council Tax Reduction Scheme within the following framework:
 - Future Council Tax Support to be offered in form of a discount
 - Local authorities must have a Council Tax Support Scheme by 31st January 2013 to begin on 1st April, 2013
 - Support for vulnerable pensioners should be delivered through a national framework of criteria and allowances (with no changes to current levels of award)
 - Support for Council Tax is provided for the most vulnerable in society
 - Schemes should support work incentives and in particular avoid disincentives to move into work
 - Schemes must set out the classes of person who are entitled to a reduction and the reductions that will apply

- A billing Council must consult before making a scheme and each year must consider whether to revise or replace the scheme.

2.2.2 At the 2010 Spending Review, the Government announced that it would localise support for council tax from 2013-14, reducing expenditure by 10 per cent. This is part of a wider policy of decentralisation and welfare reform. A separate report setting out the approach to localisation of Council Tax Support was agreed by Cabinet.

2.3 **Universal Credit (UC)**

2.3.1 This will be a single benefit paid on a monthly basis and will replace Income Support, income based Job Seekers Allowance, Housing Benefit, Child Tax Credit and Working Tax Credit.

2.3.2 The Department for Work and Pensions (DWP) has worked in partnership with local authorities through the Local Government Association to examine the options for face to face service delivery and it has been agreed that a national service with targeted local flexibility is the optimum solution from the point of UC rollout. The core UC offering, for the majority of UC claimants will be provided by DWP. However local authorities to provide face-to-face support for a minority of UC claimants, with more complex needs, who will need help to access the new online system and more intensive, work focussed support.

2.3.3 An incremental approach is envisaged from October 2013 with applications for the new benefit arising only from new claims or major changes in a claimant's circumstances. Government are asking local authorities who may be considering reducing their benefits services to have regard to the fact that some capacity will be needed to maintain the Housing Benefit caseload prior to full migration to UC; process new claims to Housing Benefit for some working age claimants until April 2014; and to provide the face to face support described above. New Housing Benefit claims for pensioners will also continue until October 2014 and full migration of all existing claims to UC will not be complete until the end of 2017.

2.3.4 The DWP and the Local Government Association are working together on the development of short term pilots to help ensure that local authorities are ready for Universal Credit in 2013, and longer term pilots to help develop a more diverse model for delivering Universal Credit after 2015. More information about these can be found on the website of the Local Government Association.

2.3.5 During discussions with the DWP and DCLG concerns were expressed about plans to pay rent to claimants, rather than landlords, under UC. Housing Benefit Demonstration Projects are underway in certain local authority areas and will involve directly paying Housing Benefit to approximately 2000 tenants in each local authority to examine approaches to help claimants manage their own money on a monthly cycle, test safeguards for landlords and understand the level of exceptions. Although, Sefton is not one of the selected areas, One Vision Housing are testing this out locally with new housing development in Seaforth to see how this would impact on their tenants in Sefton.

2.4 **Social Fund**

- 2.4.1 This will be replaced with a non-ring fenced grant which will be paid to local authorities and they will become responsible for distribution. This covered crisis loans for people at most need, i.e. victims of domestic violence who have been forced to flee their homes and start up somewhere else. A separate report setting out proposals for how the Council may operate this is on the same Cabinet agenda.

2.5 **Disability Living Allowance (DLA)**

- 2.5.1 This will be replaced for all working age claimants by a Personal Independence Payment. There is no automatic transfer from one to the other, so people currently receiving DLA will have to make a fresh claim for the new benefit and will be reassessed in line with new assessment criteria.

2.6 **Employment Support Allowance (ESA)**

- 2.6.1 The amount of time that people can receive contribution based ESA will be limited to 265 days for those claimants in a work related activity group or in assessment phase. The youth element of this for disabled young people has been abolished within the Act for those who haven't paid National Insurance contributions.

2.7 **The Single Fraud Investigation Service (SFIS)**

- 2.7.1 In February 2012 the Government produced a strategy called Tackling Fraud and Error in Government. This outlined plans to tackle fraud and error in the tax credit and benefit system. They will be creating a single integrated fraud investigation service with statutory powers to investigate and sanction all benefit and tax credit offences. They are also piloting a Mobile Regional Taskforce to concentrate on fraud in targeted, small, areas of the UK.
- 2.7.2 In November 2011, the Government announced that local authority staff currently employed on welfare benefit investigation will become part of SFIS from 2013. These staff will remain employed by local authorities, but operate under SFIS powers, policies, and priorities.

2.8 **Social Sector Size Criteria**

- 2.8.1 From April 2013, the applicable maximum rent will be reduced by a national percentage rate depending on how many bedrooms the household is considered not to require. A 14% reduction will be made for those who under-occupy their home by a single bedroom and a 25% reduction for two bedrooms or more. The assessment of requirements will be against the same criteria currently used for LHA: a bedroom will be allocated for a single adult or couple; every two children under the age of 10 or each child over 10 if they are different genders.
- 2.8.2 Although there are no planned exemptions to the new size criteria, the Government announced that it would add an additional £30m per year to the national discretionary housing payment budget from 2013/14.

This is aimed at supporting two specific groups of social tenants through the changes. The first group are disabled people who live in significantly adapted accommodation and who may need additional support to remain in their existing homes. The second group are foster carers, including those who need to keep an extra room when they are in between fostering.

- 2.8.3 The Government are working with social housing providers and local authorities to build an effective implementation strategy that will support tenants, their advisers and housing providers in preparing properly for this change.

3. DEVELOPING THE COUNCIL'S RESPONSE TO WELFARE REFORM

- 3.1 Welfare Reform is one of the largest policy changes to be introduced by the current Government. It was recognised immediately that the Council needed to develop a potential mitigation plan for Sefton residents. From the outset, a strong inclusive partnership approach was taken to develop a single message and a collaborative approach. It is also important that the leadership for the approach is undertaken by partners and community agencies in terms of developing community capacity and resilience.

- 3.2 A partnership group to oversee mitigation for Welfare Reform was established through the Sefton Borough Partnership Operations Board. This group led by the Strategic Director – People has been overseeing the development of an Action Plan for potential mitigating action. Membership is Citizens Advice Bureau (CAB), One Vision Housing – representing the Strategic Housing Partnership, Sefton CVS – representing the VCF sector, Council and Job Centre Plus.

- 3.3 The Action Plan has been developed through a series of Partnership meetings and wider partner workshops. These have all been exceptionally well attended with a real energy and commitment to doing what we can. The following themes have come out of the workshop and form the basis for the Action Plan:

- Influencing Policy and Strategy
- Information and advice provision
- Awareness raising/training and workforce development
- Working with employers
- Financial Inclusion
- Foodbanks
- Furniture Recycling
- Clothesbanks and Charity Shop Networks
- Communication

4. Update on Themes

- 4.1 The following sets out a snapshot of existing activity and is not an exhaustive list. If Cabinet require more detailed information on particular themes, the Head of Corporate Commissioning and Neighbourhood Co-ordination can provide this.

4.1.1 Influencing Policy and Strategy

- Work has been done in broad terms to develop intelligence and customer insight into where impact may be felt the most. This has been linked to the work undertaken around Council Tax Benefit
- Partnership Group is ensuring that Welfare Reform is factored where possible into policy approaches across all organisations
- Sefton Council continues to participate in and influence City Region work around child poverty, financial inclusion, employment and skills

4.1.2 Information and advice provision

- In process of mapping current provision and developing a signposting tool for people needing advice and agencies to signpost
- Investigating possibility of a Welfare Rights Forum for workers
- To agree consultation quality assurance standards for advice
- Developing Lottery application for advice and guidance around benefits

4.1.3 Awareness raising/training and workforce development

- Layered training programme being developed for Council (Members and Officers) and VCF organisations. This will include Member briefings, information packs for Councillor surgeries, training for benefit advisers, basic awareness training for Managers in Council and VCF organisations to cascade to teams.
- Timeline for this is by end of March 2013

4.1.4 Working with employers

- Looking at opportunities to maintain people into work through Sefton e-work

4.1.5 Financial Inclusion

- Considering Credit Union Development in Sefton – this is a substantial area for development – including jamjar accounts, emergency payments and how to stop people taking out payday loans
- Addressing illegal money lending – events are planned
- General welfare reform events planned in neighbourhood areas – two already taken place in Derby ward and one planned for Netherton in February 2013
- Linacre and Netherton wards are looking at how VCF organisations can mitigate the impacts of Welfare Reform at a neighbourhood level
- Tentatively looking at digital inclusion and barriers people will face in accessing benefits online – Grange Childrens Centre will be running IT courses supported by CAB

4.1.6 Foodbanks

- Independent charity for Sefton established with three main hubs
- Sefton CVS facilitating establishments of foodbanks in North and Central Sefton, Sefton Council facilitating establishment in South Sefton
- North Hub- agreed with Lakeside Christian Centre. Temporary storage space agreed

- Central Hub- Discussions are ongoing about coverage of area. St Lukes Church in Crosby will support a foodbank in parts of central Sefton. Sefton CVS are facilitating discussions with other faith leaders about support for foodbanks.
- South Hub- St Leonards/Bootle Team Ministry agreed as lead. Distribution and referral points agreed.
- Collection points in place for all main Council buildings, including Leisure Centres and Childrens Centres – (south only at this stage)
- Collection points in Fire Stations, Marks and Spencers, Bootle, Strand Shopping Centre, Health and Safety Executive, Marsh Lane Police Station, One Vision Housing, range of VCF organisations inc L3o Centre, Sefton Women’s and Childrens Aid
- Meeting with all supermarkets to get sign up in Sefton planned to agree collection weekends
- 1.8 tonnes collected so far. 1 ton is the equivalent to 25,000 cans of soup
- £500 cash donations already made
- Volunteer job descriptions on national volunteering Do-it.org.uk
- Intention to go live as soon as possible but need 4 tonnes of food per foodbank to start

4.1.7 Furniture Recycling

- Currently mapping out who does what around furniture recycling in Sefton and Merseyside
- Potential opportunities with Bulky Bobs, Furniture Resource Centre being explored
- Looking at a potential cost effective agreements with white goods supplier

4.1.8 Clothesbanks and Charity Shop Networks

- Exploring whether charity shops could be part of a voucher system linked to work on Social Fund
- Investigating Liverpool Foodbanks clothes swap approach called Tango

4.1.9 Communication

- Draft webpage developed for use by all partners
- Map of offers made by organisations to support Welfare Reform to be part of webpage signposting people to support

4.2 In terms of the development of the Action Plan and other associated Welfare Reform activity, including related Social Fund initiatives, it is recommended that a Reference Group comprising of the comprising Cabinet Members – Children, Schools, Families and Leisure; Older People and Health and Communities and Environment be established to oversee the direction of Welfare Reform mitigation.