

Report for: Overview and Scrutiny Committee – 28th November 2016

Title: Impact of Welfare Reform update

Report authorised by : Tracie Evans - Chief Operating Officer

Lead Officer: Richard Grice – Assistant Director, Transformation and Resources

Ward(s) affected: All

**Report for Key/
Non Key Decision:** N/A

1. Describe the issue under consideration

- 1.1 A report was presented to Overview and Scrutiny Committee on 30th November 2015 which provided an update on
- the Council's preparedness for the rollout of Universal Credit in Haringey
 - the impact of the Benefit Cap and proposed government changes to the rate at which the Benefit Cap is set
- 1.2 The report highlighted that the Council had commissioned the Welfare Reform Club to produce a report identifying the impact of welfare changes on Haringey households. Following publication of the impact analysis report an action plan would then be developed by officers and the Committee requested for the plan to be shared with them.
- 1.3 This report:
- provides an update on the new £23,000 benefit cap and the roll out of Universal Credit in Haringey
 - summarises the findings of the Welfare Reform Club impact analysis report
 - summarises the approach to mitigating the impact of welfare reform

2. Cabinet Member Introduction

N/A

3. Recommendations

- 3.1 That the Overview and Scrutiny Committee note the contents of this report.

4. Reasons for decision

- 4.1 No decision is required at this time.

5. Alternative options considered

N/A

6. Background information

- 6.1 The Welfare Reform Act 2012 and the Welfare Reform and Work Act 2016 introduced a range of changes to welfare provision, including a cap on working age benefits, changes to the Local Housing Allowance rate, and changes to Council Tax benefits. The cumulative impact of these changes has had a significant impact on the resilience of low income households – driving many to experience increased financial difficulties. The benefit limits imposed by legislation, combined with the rising costs of housing in London, has also decreased the affordability of housing for low income families, leading to rent arrears, increased risk of homelessness, and/or increased reliance on financial support from the Council through Discretionary Housing Payments or temporary accommodation.
- 6.2 A report outlining the Council's preparedness for the rollout of Universal Credit in Haringey, and the impact of the Benefit Cap and proposed government changes to the rate at which the Benefit Cap is set was discussed at Overview and Scrutiny Committee on 30th November 2015. This report provides an update on the new benefit cap and the rollout of Universal Credit below.

7. Benefit Cap Update

- In April 2013 the cap was introduced on the total amount of benefit that working-age claimants can receive, so that broadly, households on out of work benefits will no longer receive more in benefit than the average weekly wage, after Tax and National Insurance.
- Carers Allowance and Guardians Allowance will now be classed as benefits which exempt a household from the effects of the cap – previously they were included in the cap calculation.
- The government has reduced the Benefits Cap from 7th November 2016. Existing cap cases are now affected by further reductions in their HB entitlement from 7th November 2016 by as much as £57.69 a week.
 - Single People will be capped at £296.35 (formerly £350) per week (outside London this will be £257.69)
 - Couples or Lone Parents will be capped at £442.31 (formerly £500) per week (outside London this will be £384.62).
- 351 cases were being capped immediately prior to the change. 402 cases are now capped following the change. This has resulted in an additional total reduction in Housing Benefit per week of £18,236 – an annual equivalent of £948,266. The total equivalent annual loss of Housing Benefit due to the Benefit Cap of all currently capped cases is £2.37 million.

- Of the 402 capped cases, 171 are in Temporary Accommodation, 113 are Private Tenants, 55 are Council tenants and 63 are Housing Association Tenants
- 373 capped cases are affected by the £442.31 cap - most of these cases have dependent children. 29 are affected by the £296.35 cap for Single People
- 9 cases receive Housing Benefit of just 50 pence per week due to benefit cap restrictions
- The table below shows the number of capped cases and how much they are losing per week. 161 capped cases are losing between £50-100 per week.

Loss per week £	less than £10	£10- £50	£50- £100	£100- £200	£200- £300	over £300
Number of capped cases affected	22	51	161	119	43	6

- So far in 2016/17, £612,577 has been spent through Discretionary Housing Payment (DHP) on 226 capped cases. This figure will be expected to significantly increase by the end of the financial year. 147 of current capped cases have received some DHP assistance this year.
- Where DHP is currently in payment to capped claims, this has been increased to reflect the new drop in Housing Benefit
- Requests for new DHP's from claimants now facing larger reductions of Housing Benefit are expected to rise
- In addition, further cases not currently affected, because the household income is currently between £23,000 and £26,000, will become affected. There will be a phased roll-out with new cases in Haringey being affected during the first weeks of January 2017 – as many as 1200 Haringey Housing Benefit claims are predicted by the Department for Work and Pensions (DWP) to be likely to be capped in total. Again, this is likely to result in further requests to pay DHPs.
- This year's Discretionary Housing Contribution from the DWP is £1,726,627 and is expected to be spent in full. The DHP government contribution does not cover all cases facing reductions in their Housing Benefit. Any overspend of this budget will need to be covered by the Council. Procedures will need to be developed to ensure that the budget is spent on those most in need.

8. Universal Credit Update

- In March 2016, Haringey Job Centres began accepting claims for Universal Credit (UC). This is known as the Live service.
- UC is a Government led programme to merge existing benefits, including Housing Benefit, into one single monthly payment. Universal Credit is

replacing Job Seekers Allowance, Housing Benefit, Working & Child Tax Credit, Employment & Support Allowance, and Income Support. People may be able to claim if they are on a low income or out of work. They do not need to do anything if they are already claiming any benefits - they will be told when UC will affect them.

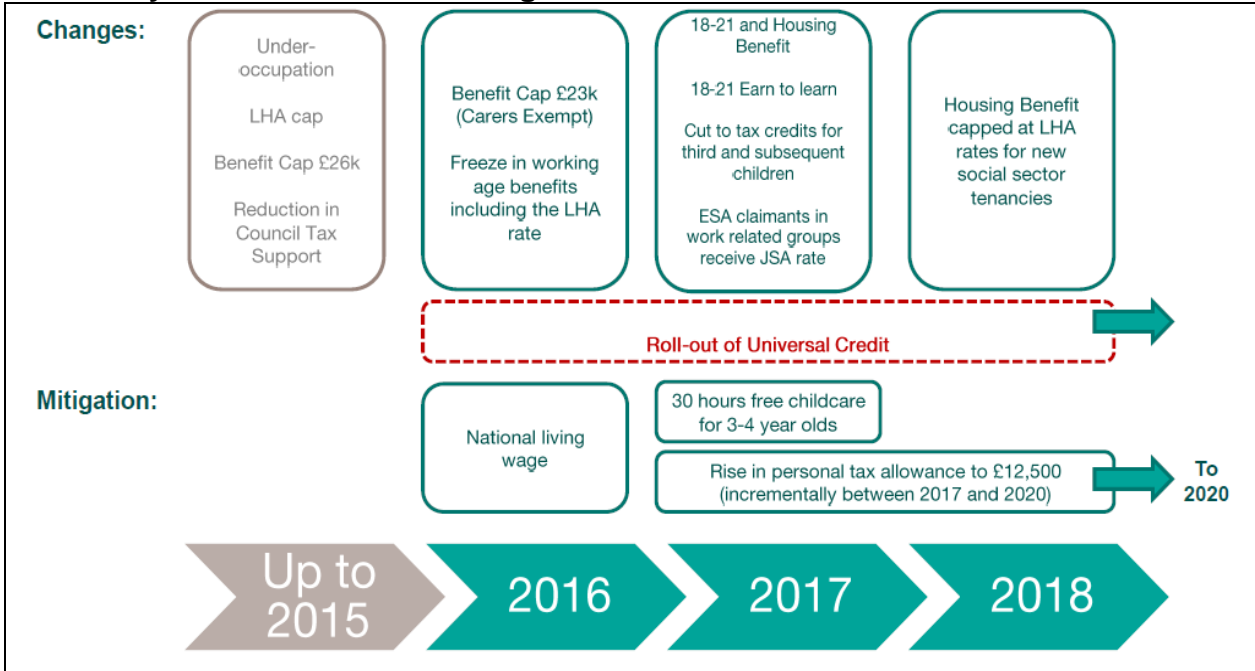
- UC aims to ensure that people will be better off in work, find it easier to start a new job or work more hours. As earnings increase Universal Credit will gradually reduce.
- People will have to accept a 'Claimant Commitment' to receive their UC. They can claim UC online and it will be paid differently from current benefits. It will be paid once a month, usually into a bank account. Any help they get with their rent will be included with UC payments and claimants then pay their landlord themselves. Evidence from pilot schemes shows claimants are not always paying their landlords which leads to rent arrears, increased possession applications and evictions. There is a risk that this will lead to increased demand pressures on the Council's homelessness team and other supporting services.
- Haringey currently has circa 34,000 Housing Benefit claimants. We estimate 27,000 (80%) of these may eventually be affected by the UC rollout. However, initially very few of these cases will transfer to UC. Housing Benefit and other legacy benefits (such as Jobseekers Allowance) will continue, until the DWP are in a position to call for cases to be migrated on a planned and phased basis. DWP have notified us that the go live date for Haringey is July 2019. Housing Benefit for Pensioners and those in supported accommodation will not be transferring and will continue to be administered by Local Authorities.
- The Live service for Haringey Job Centres commenced in March 2016. Current criteria which is expected to be used for assessing entitlement to UC is shown in Appendix A. New claimants who do not meet the criteria, will be directed to legacy benefits. The full service locally (where **all** new claimants for DWP benefits covered by UC will be directed to UC) will begin in July 2018.
- DWP report that in October 2016, Haringey has 1,222 claimants in receipt of UC, of which 806 are not in employment and 418 are in employment. Many of these do not have a rental liability, so Housing Benefit was never in payment for them. DWP projected that numbers of claimants moving onto UC will be low under the live service, and do not anticipate that this will increase rapidly.
- We have worked with our local DWP representatives to ensure that clients affected by UC have access to support to make a claim through our Customer Service Centres, and budgeting advice through the Citizens Advice Bureau

- We have engaged with the Adults Team regarding issues of duty for individuals, particularly vulnerable young adults, and landlords to prepare them for the forthcoming changes

9. Welfare reform impact analysis report

- 9.1 The report to Overview and Scrutiny Committee on 30th November 2015 mentioned that the Council had commissioned the Welfare Reform Club to produce a report identifying the impact of welfare changes on Haringey households. Following publication of the impact analysis report an action plan would then be developed by officers and the Committee requested for the plan to be shared with them.
- 9.2 The impact analysis report, which is attached as Appendix B, was commissioned with the aim of:
- identifying the types of household that would be most affected by welfare reform
 - the impact of welfare reforms on these households
 - the key issues they were experiencing
 - and the current support they were receiving
- 9.3 It looked at the cumulative impact of all forthcoming welfare changes, including the roll out of UC and the extension of the benefit cap. The final report was completed in March 2016 and was accompanied by a household data set. The key findings were presented as a HaringeyStat in June 2016 (see Appendix C for further details).
- 9.4 A summary of the welfare changes from 2012-18 and the impact on Haringey households is given on the following page.

Summary of welfare reform changes



Haringey household affected by welfare changes

	Up to 2015	2016	2017	2018	Universal Credit effect
Numbers affected (negatively)	17,142	2,007	513	1,152	9,751
Newly affected (negatively)	17,142	460	173	686	4,397
Average Weekly Amount (not cumulative)	£25.04	£76.67	Unknown	£38.64	£65.60
Main Group Affected	Privately Rented	Lone Parents	Single/Private Rent	Singles	Private Rent

22,696 households affected – 20% of Haringey households

Note: These losses are to be transitionally protected (referring to the Universal Credit effect column).

- 9.5 The report identified a number of key issues for households impacted by the reforms:
- Most affected households - those housed in the private rented sector (including those placed in temporary accommodation), larger families, and lone parent households are affected most by the changes
 - Lack of resources - 91.5% of households affected have less than £1000 in savings
 - Homelessness – there is a close relationship between welfare reform changes and homelessness – 48% of those in temporary accommodation are affected by welfare reform changes
 - Sustainable employment and low paid jobs - 57% households are losing £100 per week or more are in work
 - Childcare is a key barrier
 - Lack of qualifications - 22% of lone parents have no qualifications
- 9.6 Heads of Service have been asked to consider the implications of the report and to use the household data set for service planning. Initial findings of the report were also shared and discussed with the Voluntary and Community Sector (VCS) in Haringey with the aim of understanding how the VCS was responding to the changes and how we could work more effectively together.
- 9.7 The Council and its partners are working to support households affected by the welfare changes. Examples include:
- Job Centre Plus (JCP), Homes for Haringey Welfare Reform Team and the Benefits Service working together, inviting households to discuss their options, offering training, childcare advice, work provider referrals, financial advice and housing support. JCP are collocated with Homes for Haringey welfare team and the two carry out joint interviews and have been successful in getting households off the cap and into work.
 - Improving linkage between job support agencies and local education and training providers e.g. Haringey Employment Skills Team and Haringey Adult Learning Service are now both located at Wood Green Library, which has lent itself well to more joint activities. Further details of actions to support the long term unemployed can be found in an update report on the Review of the job support market which will also be presented to this committee on 28th November 2016.
 - Contacting all households affected by the new benefit cap and encouraging them to enrol for skills courses, such as English and Maths, with Haringey Adult Learning Service
 - Providing access to support around childcare. In addition, targeted support for parents wishing to access employment via Learning and Volunteer Coordinators attached to children’s centres.
 - Trialling use of a financial tool as a means of improving financial resilience
 - Providing financial management and debt advice through MoneyWise Haringey, a project run by Haringey Citizen’s Advice Bureau
 - Providing cheap loans to households through the London Capital Credit Union
 - Working with our VCS strategic partner, the Bridge Renewal Trust, to help develop the sector’s capacity and resilience towards supporting people

locally. The Bridge Renewal Trust recently completed a mapping exercise of advice and support services within the VCS across Haringey.

- 9.8 An event will be held in January 2017, in conjunction with local DWP representatives and all relevant services, to help affected households understand the implications of the benefit cap, allow them to seek advice from services and help them plan for the future.

10. Developing an approach to mitigating the impact of welfare reform

- 10.1 A high level officer group met in October 2016 to discuss how to better co-ordinate and improve the level of support to affected households. Specifically, the discussion focused on the need to
- develop a wrap around service for households affected by a number of issues e.g. the rising cost of housing, problems accessing appropriate childcare, changes to welfare
 - better align our activities, processes and budgets across different programmes. For example aligning budget areas and processes around preventing homelessness such as the Homelessness prevention budget; Temporary Accommodation budget; allocation from the Support Fund reserves and Discretionary Housing Payments
 - allocate the Support Fund reserves to enhance existing or drive new activity that will mitigate the impact of welfare and other legislation. A Cabinet decision was taken in January 2016 to end the Support Fund scheme – which offered Crisis Support Payments and Community Care Payments to low income households - and retarget the remaining funding to better address needs, including prevention
 - shift the commissioning of services away from crisis provision towards prevention and early help to ensure households get the right support, at the right time before problems get worse.
- 10.2 The officer group agreed the following key actions:
- Mapping existing interventions and pathways for families affected by welfare reform, developing a shared understanding of service users and the interdependencies of different services with which they come into contact
 - from this analysis, developing recommendations for changes to processes, service design and delivery, and organisational structures aimed at better aligning our existing offer across services and delivering a more holistic solution for affected households
 - identifying early interventions that will help deflect customers away from services;
 - Building resilience: this will look at how we reduce households' dependence on services and maintain their independence by identifying and developing resources that enable people to meet their needs before reaching a "crisis" point. This can be as diverse as strengthening community leadership, early support from community organisations or developing financial tools and social networks.
 - Reviewing and reshaping our approach at people's point of contact with services. Front line staff have an important role in sign-posting households to various support in the Council, the local community or partners and we will ensure we make every contact count, by using a comprehensive

analysis of circumstance, need and people's interaction with services in order to provide holistic and personalised advice and support.

11. Contribution to strategic outcomes

- 11.1 Our approach to tackling welfare reform changes contributes to a number of our corporate priorities, including ensuring every child has the best start in life and preventing homelessness. In addition, supporting those affected by welfare reform is central to our ambition to create a fair and equal borough by tackling the underlying factors of poverty and exclusion.

12. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

Finance and Procurement

The report sets out how the welfare reform and benefits cap is likely to impact on residents in Haringey. It is difficult to identify precise financial impacts on the Council. The areas most likely to be affected are in levels of rent and Council Tax collected, incidences of hardship and the interaction of benefits on various financial assessments, such as for contributions to Adults Social Care.

Legal

A summary of the welfare reform changes are set out in the main body of the report. There are no direct legal implications.

Equality

The Council has a public sector equality duty under the Equality Act (2010) to have due regard to:

- tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- advance equality of opportunity between people who share those protected characteristics and people who do not;
- and foster good relations between people who share those characteristics and people who do not.

Those groups affected by the welfare changes include women with children and those from BME backgrounds. The Council will develop proposals, as set out in section 10 of this report, which will improve the level of support provided to these households.

Use of Appendices

Appendix A: Initial criteria for claiming Universal Credit
Appendix B: Welfare Reform Club Impact Analysis Report
Appendix C: HaringeyStat slides

13. Local Government (Access to Information) Act 1985

N/A

Appendix A – Initial criteria for claiming Universal Credit

To be eligible to claim Universal Credit (as opposed to existing benefits), you must:

- live at your usual address, in an area where Universal Credit is available
- not be homeless, in supported or temporary accommodation, nor a homeowner
- be a British citizen with a National Insurance number
- be aged between 18 years and 60 years and six months
- be fit for work
- not have applied for a fitness for work note
- consider yourself/yourself fit for work
- not be pregnant nor have given birth within the last 15 weeks
- not be entitled to Jobseeker's Allowance (JSA), Employment and Support Allowance (ESA), Income Support (IS), Incapacity Benefit (IB), Severe Disablement Allowance (SDA), Disability Living Allowance (DLA) or Personal Independence Payment (PIP)
- not be awaiting a decision on a claim for Jobseeker's Allowance (JSA), Employment and Support Allowance (ESA), Income Support (IS), Housing Benefit (HB), Child Tax Credit (CTC) or Working Tax Credit (WTC)
- not be appealing against a decision of non-entitlement to Jobseeker's Allowance (JSA), Employment and Support Allowance (ESA) or Income Support (IS)
- not be awaiting the outcome of an application to revise a decision of non-entitlement to Jobseeker's Allowance (JSA), Employment and Support Allowance (ESA), Income Support (IS) or Housing Benefit (HB)
- not have any caring responsibilities (such as for a disabled person)
- not be self employed, a company director or part of a limited liability partnership
- not be in education or on a training course of any kind
- not have a person acting on your behalf over your claim
- have at least one suitable account that DWP can pay your money into
- not live in the same household as a member of the regular or reserve forces who is away on duty
- have lived in the UK for the last two years, and not have been abroad for more than four weeks continuously during that time
- not be required to pay child maintenance via the Child Support Agency
- not have savings in excess of £6,000
- not be an approved foster parent (even if you currently have no foster children)
- not be expecting to adopt a child in the next two months or (where family claims may be made) have adopted a child within the last 12 months
- not expect to receive individual take home pay of more than £338 in the next month
- not be responsible for a young person under 20 who is in non-advanced education or training