

Report of Deputy Chief Executive and Director of Resources

Report to Executive Board

Date: 10th February 2012

Subject: Welfare Reform Strategy

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. A report was presented to the Executive Board in October 2011 setting out the impact of the Government's Welfare Reforms programme in Leeds with a recommendation that a strategy was developed to address the implications of the welfare reforms.
2. A strategy has been developed that focuses on preparing claimants and service providers to meet the challenges arising from the welfare reform programme. In particular there is a need to better understand the impact of the reforms at ward level and in relation to their implications for the Councils Priorities and how they need to feed into the work of the City Priority Boards.
3. The strategy also recognises there are financial implications for the council that will follow as a result of intentions to pay housing costs directly to council tenants and reduce funding for local Council Tax Support schemes.
4. Neither DWP nor DCLG have finalised arrangements or detail around welfare reform and local Council Tax Support and a number of working groups have been established to help inform decisions on issues such as the role of local councils in Universal Credit delivery, the safeguard arrangements that will operate around direct payments to social sector tenants, funding arrangements for implementing welfare reform locally and timescales for migration activity. The Welfare Reform Bill itself has yet to become law and aspects of the proposals may change as a result of debates in Parliament. The outcomes of the debates in Parliament and the working group activities are key in finalising the approach the council needs to take in preparing for the reforms.

Recommendations

Executive Board is asked to:

- Approve the strategy and receive updates on progress with the strategy;
- Support a welfare reforms' communications strategy that, from March 2012, delivers timely, targeted information to customers and stakeholders;
- Support the proposal to work with Area Committees to ensure the strategy reflects and meets needs at a local level;
- Support activity to ensure face to face services fully support customers and service users in meeting requirements of Universal Credit;
- Approve the exploration of opportunities to get involved with pilots around Universal Credit delivery where the council would be able to add value and localise delivery arrangements

1 Purpose of this report

- 1.1 The report sets out the overall strategy for ensuring that customers, service providers and stakeholders are prepared for, and able to respond to, the issues and requirements arising from the welfare reform programme

2 Background information

- 2.1 A report was presented to Executive Board on 12th October 2011 which set out both the detail of the Government's proposals for welfare reform and the likely impact of the proposals in Leeds. Executive Board requested that a strategy for dealing with the welfare reforms be prepared and presented to Executive Board for approval.
- 2.2 It should be noted that until the Welfare Reform Bill becomes an Act, the reforms are subject to change and this in turn affects the type and extent of the preparation required. Equally, decisions are still awaited around the role of local councils in the delivery of Universal Credit, particularly in relation to supporting customers with the online claims process and providing essential support to vulnerable customers unable to make an online claim.
- 2.3 Aside from the progress of the Welfare Reform Bill, many areas of policy and administration are still under consideration and this makes more detailed action plans difficult to produce at this time. These areas include:
- how Universal Credit will deal with supported housing and temporary accommodation claims;
 - what the migration arrangements are for moving Housing Benefit cases onto Universal Credit and when cases will move;
 - what the safeguard arrangements for direct payment cases will be;
 - what level of support will be provided to social sector tenants to address financial exclusion issues and enable tenants to manage their finances effectively; and

- how administration grant funding will be adjusted to reflect reduction in Housing Benefit responsibilities and added responsibilities around local Council Tax support schemes.

2.4 A number of working groups have been established by DWP and DCLG to take forward some of these issues.

- a) Transition Working Group: this is a DWP group looking at a wide range of issues for local councils around the transition from Housing benefit to Universal Credit. Leeds is represented on this group. A number of sub-groups of this group have also been set up to look in more detail at specific issues. These include:
 - a. Support and Exceptions Working Group looking at the type of support needed by social sector tenants and social sector landlords to deal with financial exclusion and support tenants to manage their financial responsibilities effectively. Leeds is represented on this group.
 - b. Face-to-face Delivery Working Group looking at the options for involving local councils in providing face-to-face services in support of Universal Credit. Again Leeds is represented on this group.
 - c. Finance and Commerce Working Group looking at the implications for administration grants, implementation costs and preparation activity.
- b) Reference Group: This is a high level DCLG group set up to oversee the development of local schemes of support for Council Tax. A Delivery sub-group has also been set up.
 - a. A Delivery sub-group has been set up to develop the models and solutions to support the implementation of local schemes of Council tax support. This covers developing timetables, model schemes and forecasting options as well as identifying funding and finance issues, systems development issues and data-sharing solutions. Leeds is represented on this group.

2.5 The Department for Work and Pensions (DWP) is also considering a small number of pilot initiatives in two areas. One area relates to the issue of paying housing costs directly to social sector tenants; this is known as the Demonstrator Project and is intended to help identify the support social sector tenants will need to prepare for direct payments. The other relates to a wider role for local councils in Universal Credit delivery and is expected to influence the longer term delivery model of Universal Credit and it is recommended that Leeds actively explores this opportunity with a view to understanding how involvement would support customers and stakeholders in making the transition to a reformed welfare system. Final decisions on involvement in pilot initiatives would only be made following elected member consultation.

2.6 The outcomes from these groups and pilots, along with decisions on the role of local councils, will inform funding and design arrangements and will require revisions to the Welfare Reform Strategy.

3 Main issues

- 3.1 The Welfare Reform Strategy, see appendix 1, is intended to ensure that Leeds is the best prepared city to meet the challenges and opportunities arising from the programme of reform. These challenges and opportunities can only be met through a common understanding of the implications of the reforms, a shared perspective on the outcomes to be achieved and a commitment to working together to deliver agreed actions. Although developed through the City Council, the successful preparation for the programme of reforms requires input from key partners including ALMOs, RSLs, Advice Agencies, private sector landlords, financial institutions and Jobcentre Plus and DWP.
- 3.2 The strategy is intended to prepare the city for the changes with much of this focused on preparing claimants and tenants for the changes and ensuring they understand and can carry out their responsibilities. The strategy will not be able to prevent some increases in rent arrears or council tax arrears as a result of customers receiving less support; nor will it remove the need for some tenants to move to more affordable accommodation or prevent possession activity where tenants cannot afford to pay their rent.
- 3.3 The key elements of the strategy are:

a) Ensure detailed awareness of the impact of the welfare reforms across Leeds at a local level

The proposed Welfare Reforms will impact in different ways on different groups and different areas of the city. An in-depth understanding of the impacts of the changes individually and cumulatively across Leeds is required in order to support the preparations for the reforms and to ensure that information is available for consideration by the City Priority Boards. This information needs to sit alongside intelligence and data on financial inclusion, digital inclusion and general deprivation data and will need to be revised periodically to reflect changes in caseload and will also need to be reviewed if there are changes to the welfare reform proposals.

Detailed information is now available at ward level in relation to Local Housing Allowance changes, social sector under-occupation scheme proposals, benefit cap proposals and local Council Tax support scheme options.

b) Ensure claimants and stakeholders are fully prepared for the reforms

Changes to housing benefit, council tax benefit and the introduction of Universal Credit will require many claimants to adapt to new ways of claiming benefit, take responsibility for paying rent, meet conditionality requirements for ongoing receipt of benefit and, in some cases, adapt to lower levels of financial support for rent and council tax purposes. A key strategic objective is to ensure that all claimants and stakeholders are aware of these new

responsibilities and that claimants are able to comply with them and have access to support and advice where required.

Key actions include:

- Delivering an effective communication strategy for tenants and stakeholders;
- Delivering a channel shift strategy to move claimants online to support the 'digital by default' intention for Universal Credit;
- Developing a programme to deliver financial and budgeting awareness to tenants and to increase numbers able to access mainstream financial services;
- Reviewing lettings policies, tenancy agreements and collection policies to support claimants in meeting personal responsibilities to pay rent and council tax; developing arrangements to support tenants to move to more affordable accommodation;
- Developing working arrangements with DWP for the smooth migration of claims to Universal Credit, including developing pilot and pathfinder options where appropriate;
- Ensuring appropriate provision of advice for claimants with debt or money management issues.

A monthly Welfare Reform Bulletin will be available for members and stakeholders with the first edition available in February. A series of workshops is also planned for February and March 2011/12 for all frontline staff across the council and partner organisations to support staff in dealing with enquiries about the welfare reforms.

c) Ensure support arrangements for vulnerable claimants:

A number of customers will be unable to cope with the new requirements around Universal Credit and there will be customers who will be severely impacted by the reforms or whose circumstances mean that the reforms will create a significantly increased risk of homelessness or debt. A key strategic objective is to ensure that appropriate support arrangements are in place for these customers.

Families subject to the proposed benefit cap and a number of families affected by multiple changes are likely to need additional support and advice to retain or find suitable accommodation. Similarly, arrangements need to be put in place to prevent families with existing rent arrears or debt issues falling further into arrears and increasing the risk of eviction activity.

Key actions will include:

- Putting in place an effective Discretionary Housing Payment (DHP) scheme (NB Government funding for DHP in Leeds has increased from £297k in 10/11 to £800k in 12/13);
- Establishing a multi-disciplinary casework team to work with the most severely affected families;

- Supporting families who wish to move to more suitable accommodation;
- Providing expert money and debt advice services and working with financial institutions most notably Leeds City Credit Union, to tackle debt and provide access to affordable credit.

d) Ensure delivery of Council Services reflects requirements arising from welfare reforms

The Welfare Reform programme has specific implications for council services. Councils will cease to administer Housing Benefit but will take responsibility for setting up a Social Fund scheme and be required to implement a local scheme of Council Tax support. The role of councils in delivering or supporting the delivery of Universal Credit is still to be decided with decisions expected by the end of March 2012. Irrespective of any decision by DWP, it is expected that there will be increased demand on Customer Services as the welfare reforms come into effect and as a result of preparation activity for the reforms.

Social sector housing providers and the Council Tax service will need to collect more money from more people and this needs to be recognised when looking at collection resources. These services will also need extra capacity to develop and maintain effective working arrangements with Universal Credit administration and to manage effectively, along with the Benefits Service, the migration of claims to Universal Credit. There will also be changes to the way that housing costs for temporary accommodation and supported accommodation are funded which are likely to have administrative and possibly funding implications for councils and service providers.

Assessments of the additional resource requirements need to reflect the gradual growth in cases receiving Universal Credit from October 2013 through to 2017. A number of these additional resource requirements may fall within the New Burdens definition and opportunities to secure Government funding will be fully explored

e) Develop a budget plan that addresses the potential financial implications for the council and partners arising from the reforms

The welfare reforms have direct and indirect implications on the council's financial position. As well as the additional resource requirements as Services adjust to the new delivery requirements following welfare reform, there are also financial implications arising from loss of administration grant for Housing Benefits and likely increases in rent arrears and Council Tax arrears as a result of under-occupation proposals, decisions to pay housing costs directly to tenants under Universal Credit and less generous Council Tax Support schemes.

There is also a need to assess the costs of the preparation activity contained within the strategy and identify funding sources. It is expected that there will be some funding available to local councils from DWP in relation to Universal

Credit and there is expected to be DCLG funding for implementation of local Council Tax schemes.

f) Develop a worklessness strategy for the city that delivers success under the Universal Credit environment

The intention behind Universal Credit is that people moving into work will always be better off than staying on benefits. It is intended to push for a flexible and localised approach to the implementation of Universal Credit and the integration of council and Jobcentre Plus activity to deliver more positive outcomes for unemployed people, particularly young unemployed people.

4 Corporate Considerations

4.4 Consultation and Engagement

- 4.4.1 The strategy sets out proposals for preparing customers for the welfare reforms and understanding the impacts at a local level. Delivery of the proposed actions will involve consultation with Area Committees, ward members and tenants groups

4.5 Equality and Diversity / Cohesion and Integration

- 4.5.1 The strategy is aimed at identifying and supporting vulnerable groups and targeting help and support to ensure all groups can access Universal Credit and manage their personal responsibilities. Where policies are reviewed and revised, equality impact assessments may be required to ensure that the equality implications of any revisions are properly considered

4.6 Council policies and City Priorities

- 4.6.1 The strategy is aimed at supporting the Council's Priorities and will provide data and information relevant to the Priority Boards activities

4.7 Resources and value for money

- 4.7.1 The delivery of the strategy will need to be supported by financial investment. The strategy will need to be supported by a programme manager and it is intended to meet this cost, and admin support costs, from within existing budgets. Elements of the strategy will carry cost implications. Where these cannot be met from existing budgets, it is intended to explore funding from DWP and DCLG under the new burdens arrangement.

4.8 Legal Implications, Access to Information and Call In

- 4.8.1 There are no legal implications arising directly from this report

4.9 Risk Management

- 4.9.1 Welfare Reform is a corporate risk and the strategy is an important element in addressing the risks arising from the Welfare Reform programme

5 Conclusions

- 5.1 The Welfare Reform programme changes the type of support provided to customers and the way that the support is provided. There are implications for both service providers and customers and a great deal of preparation is required to meet the challenges arising from the reforms.
- 5.2 The strategy sets out an approach to ensuring that the extent of the impacts of the reforms is understood and for ensuring that the appropriate support is put in place to enable customers to make the transition to a reformed welfare system. The strategy also sets out to ensure that the financial implications for the council and partners are understood and that appropriate plans are put in place to deal with these.

6 Recommendations

- 6.1 Approve the strategy and receive updates on progress with the strategy;
- 6.2 Support a welfare reforms' communications strategy that, from March 2012, delivers timely, targeted information to customers and stakeholders;
- 6.3 Support the proposal to work with Area Committees to ensure the strategy reflects and meets needs at a local level;
- 6.4 Support activity to ensure face to face services fully support customers and service users in meeting requirements of Universal Credit;
- 6.5 Approve the exploration of opportunities to get involved with pilots around Universal Credit delivery where the council would be able to add value and localise delivery arrangements

7 Background documents

- 7.1 The following documents are background documents
- Welfare Reform Bill
 - Local Government Finance Bill
 - Welfare Reform Impact Assessments

Key strategic objective 1**Ensure detailed awareness of the impact of the welfare reforms across Leeds at a local level**

The proposed Welfare Reforms will impact in different ways on different groups and different areas of the city. An indepth understanding of the impacts of the changes individually and cumulatively across Leeds is required in order to support the preparations for the reforms and to ensure that information is available for consideration by the City Priority Boards. This information needs to sit alongside intelligence and data on financial inclusion, digital inclusion and general deprivation data and will need to be revised periodically to reflect changes in caseload and will also need to be reviewed if there are changes to the welfare reform proposals.

Action	Comment	Action Owner	Contributing Officers	Milestone or Target
Provide detailed intelligence on the impact of the proposed reforms at city, ward and cluster level to support partners and stakeholders responses.	Analyses to cover impact of proposed welfare reform changes and be set in context against other key data sets covering deprivation, digital and financial inclusion etc.	Claire Walker	David Jackman Revenues and Benefits; Stuart Hodgkinson , University of Leeds Ian Hunter , Jobcentre Plus	February 2012 for initial analyses with data updated monthly thereafter May 2012 for projections showing impact of migration to Universal Credit
Develop options for local schemes of Council tax support	Initial options to be developed to highlight impacts at city, ward and cluster level and to support more detailed equality impact assessments	Steve Carey	David Jackman Revenues and Benefits	Detailed options analyses and impacts to be identified by Jun 2012

Key strategic Objective 2				
Ensure claimants and stakeholders are fully prepared for the reforms				
Changes to housing benefit, council tax benefit and the introduction of Universal Credit will require many claimants to adapt to new ways of claiming benefit, take responsibility for paying rent, meet conditionality requirements for ongoing receipt of benefit and, in some cases, adapt to lower levels of financial support for rent and council tax purposes. A key strategic objective is to ensure that all claimants and stakeholders are aware of these new responsibilities and that claimants are able to comply with them and have access to support and advice where required.				
Action	Comments	Action Owner	Contributing Officers	Milestone or Target
Communications				
Develop and deliver a comprehensive communications programme aimed at meeting the information needs of citizens, customers, stakeholders and members	Communications will deliver targeted information and advice to those affected by the reforms	Steve Carey	Paul Broughton Customer Services ALMOs RSLs	Members and Stakeholder Bulletins available from February 2012 Series of targeted communications to customers to start in April 2012
Increase provision of advice and guidance for customers affected by the welfare reforms.	Workshops to be run to provide the network of frontline workers from across the council and trusted partners with the knowledge and confidence to provide advice and guidance to service users affected by the reforms	ALMOs RSLs Advice Agencies		Schedule of workshops to run February and March 2012

Preparing claimants				
Develop a comprehensive partnership approach to promoting, supporting and enabling customers to comply with the 'digital by default' requirement for Universal Credit	Claimants will migrate to Universal Credit over a 4 year period from 2013 to 2017 and there will be a gradual build-up of customers needing to go online to claim Universal Credit over this time.	Paul Broughton	Ian Jones, ICT DWP ALMOs RSLs Advice Agencies	Promotion material developed; Digital Broadband capability extended across Leeds Facilitated support available in OSCs, ALMOs, RSLs and Advice Agencies. Mobile service available for more vulnerable tenants unable to travel.
In conjunction with the financial services sector, develop capacity to deliver financial capability sessions and promote access to affordable banking services, (including affordable credit and bill paying services)	DWP recognise the sensitivity around paying social sector tenants directly and are working with councils to understand the steps required to minimise risks	Dave Roberts/ Chris Smyth (Leeds City Credit Union),	Financial Inclusion Partnership, DWP Money Advice Service Registered Social Landlords ALMOs	Maintain the level of recruitment of new customers on low incomes accessing credit union services (savings, loans & current accounts) Increase in number of tenants paying rent by monthly bill paying account
Supporting claimants				
Complete review of tenure strategy and develop a scheme of support to assist tenants wishing to transfer to suitably sized accommodation.	Ahead of under-occupation rules coming into effect, take steps to prevent under-occupation and work with tenants to reduce numbers under-occupying properties.	Liz Cook	ALMOs RSLs	Reduction in number of tenants under-occupying properties

Ensure payment options, tenancy management arrangements and collection and recovery arrangements reflect Universal Credit requirements	Need to ensure steps are taken to encourage regular payment of rent and council tax, including option of aligning rent payments to Universal Credit payments.	ALMOs RSLs Revenues	Financial Inclusion Group	<p>Increase in payments made by direct debit</p> <p>Corporate Debt policy reviewed and re-launched</p> <p>Direct payment safeguard arrangements built into collection and recovery processes</p>
Ensure provision of debt advice and housing options advice is maintained or increased and is accessible across the city	Review of Advice Agency funding undertaken with agreed recommendation to support provision of debt advice	Bridget Emery	Advice Leeds Financial Inclusion Group	Implementation of recommendations following recent Review of Advice Agency funding

Strategic objective 3

Ensure support arrangements are available for vulnerable claimants

A number of customers will be unable to cope with the new requirements around Universal Credit for a variety of reasons and there will be customers who will be severely impacted by the reforms or whose circumstances mean that the reforms will create a significantly increased risk of homelessness or debt. A key strategic objective is to ensure that appropriate support arrangements are in place for these customers.

Action	Comment	Action Owner	Contributing Officers	Milestone or Target
Work closely with vulnerable claimants and families at most risk from the reforms and provide targeted packages of support	Some tenants will be more severely affected by the welfare reforms than others and some will struggle to meet their personal commitments. They include tenants affected by multiple changes, tenants already in arrears, tenants who have specific support needs,	Benefits Service; ALMOs; RSLs	Jobcentre Plus Customer Services Advice Agencies	<p>Complete analysis of impact of reforms on larger families</p> <p>Agree Discretionary Housing Payment policy: April 12</p> <p>Rent 'safeguard' arrangements in place</p>

	tenants with large families who will lose a high proportion of their Housing Benefit as a result of the Benefit Cap proposal etc.			
Develop city-wide arrangements to identify and manage tenancy turnover issues relating to debt and increasing rent arrears	Consider introducing arrangements to share information about tenants moving from one social landlord to another	E&N ALMOs RSLs	Private rented sector	Trigger mechanisms in place
Develop Social Fund strategy that targets funds to support local priorities	Councils take responsibility for Social Fund payments from April 2013	Steve Carey	Bridget Emery John Lennon	Oct 12: proposed scheme for consideration by Exec Board

Strategic objective 4

Ensure delivery of Council Services reflects requirements arising from a reformed welfare system

The welfare reforms carry implications for many front-line council services and a key strategic objective is to ensure that services are reviewed

Develop resource requirements plan that reflects increasing collection, recovery and support activity as cases migrate to Universal Credit from 2013 to 2017	More rent and council tax will need to be collected from more people; councils and RSLs will need to establish effective operational relationships with a more remote Universal Credit service.	ALMOs Revenues	RSLs	Oct 12: requirements for April 13 with plans to phase increased requirements to match phased migration to Universal Credit Temporary and specialist accommodation arrangements in place
Ensure Customer Strategy reflects face-to-face service	Councils will play a key role in supporting Universal Credit	Paul Broughton	ALMOs Revenues & Benefits	Apr 12: role of councils agreed;

delivery and customer access requirements under Universal Credit	delivery through the design and delivery of face-to-face services that support customers into employment		ASC Childrens Services Jobs and Skills Jobcentre Plus	Apr 12: action plan for delivering required face-to-face services
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Strategic objective 5

Develop a budget action plan that addresses financial implications for the Council arising from the reforms

The welfare reforms will impact on the council's financial position directly as a result of reductions in administration grants where work is transferred to DWP and reductions in funding for Council tax support and indirectly through increased collection costs and increased levels of rent and council tax arrears. There are also new burdens in relation to implementation and operation of local schemes of support for Council Tax, migration activity to Universal Credit and a new role for councils in supporting the delivery of Universal Credit – although this is still to be determined.

Action	Comment	Action Owner	Contributing Officers	Milestone or Target
Develop financial plan that addresses the phased migration of housing benefit to Universal Credit.	Migration of HB to Universal Credit will see changes to council funding provided to administer HB and there are likely to be cost implications associated with migrating claims, decommissioning HB services and residual requirements	Steve Carey	Financial Management	Final arrangement can only be taken following DWP announcements of decisions around admin grant withdrawal.
In conjunction with West Yorkshire Councils, develop financial plan that supports the design, implementation and ongoing operation of local support schemes for	Implementation and administration costs for Council Tax Support schemes need to be developed taking account of DCLG funding arrangements	Steve Carey	Financial Management West Yorkshire Councils	Jun 12: Initial proposals on admin costs for local Council Tax Support schemes

Council Tax.				
Develop financial models for HRA and Collection Fund that reflect impact of reforms on collection rates and bad debt provision	Both rent arrears and council tax arrears are expected to increase as a result of lower levels of financial support and the introduction of direct payment of benefit to tenants	ALMOs Liz Cook	Financial Management	Jun 12: models available following details of migration strategy (expected May 12) and development of preferred local Council Tax Support scheme

Strategic objective 6

Develop a worklessness strategy for the city that delivers success under a Universal credit environment

Universal Credit is intended to ensure that people moving into work will always be better off

Action	Comments	Action Owner	Contributing Officers	Milestone or Target
Work with DWP to agree on a flexible and localised approach to the implementation of Universal Credit to guarantee support to our most vulnerable communities	Universal Credit is intended to ensure that people moving into work are always better off and will create financial incentives that are not present in the existing scheme	Sue Wynne (LCC)	Ian Hunter, Jobcentre Plus	Identification of opportunities to support young people and long term unemployed into work using flexibility and freedoms that result from a localised approach to Universal Credit delivery