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**REPORT OF:** STEVE CAREY, CHIEF OFFICER, REVENUES AND BENEFITS

**REPORT TO** AREA COMMITTEE CHAIRS' FORUM

**DATE:** FRIDAY 13<sup>TH</sup> JULY 2012

**SUBJECT:** WELFARE REFORM UPDATE

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## **1 Purpose**

- 1.1 The report provides an update on the implementation of the Government's Welfare Reforms and also provides information on the approach being taken in Leeds to address the issues caused by the reforms.
- 1.2 The report is intended to open a discussion on the needs, role and activities of local Area Committees in preparing for the reforms.

## **2 Background**

- 2.1 Area Committee Chairs will be aware of the major programme of welfare reform that is being implemented by the Government covering both local and national benefits. Below is a brief summary of progress by DWP:
  - *Under-occupation rules.* Draft regulations have been issued which confirm that people requiring an overnight carer will be allowed an extra bedroom, that people under-occupying because of a bereavement will be protected from reductions for a 12 month period and that people who are under-occupying and could afford to pay the rent for the previous 12 months without claiming Housing Benefit would be protected for 3 months. There are no other exceptions.
  - *Benefit Cap.* Draft regulations have also been issued in relation to the £500 p.w. Benefit Cap and a further update on tenants likely to be affected is due shortly
  - *Council Tax Support:* Executive Board has approved a report seeking approval to carry out a public consultation on a draft scheme that will see certain groups protected from reductions and reductions limited to 10% for the remainder of working age claimants (see para 3.3)
  - *Social Fund:* Still intended that local councils will take over responsibility for Social Fund from April 2013. However, councils are still awaiting details of the settlement in relation to scheme funding levels and new burdens funding.

- *Universal Credit:* DWP has announced that a Pathfinder site in Greater Manchester will go live in April 2013 followed by a phased, regional roll out from October 13 to March 14. A national migration programme is expected from April 14 that will see all relevant benefits migrated to Universal Credit by 2017. Demonstrator Projects around direct payment of Housing Benefit to council and RSL tenants is due to go live in 6 councils around the country (nearest is Wakefield) and work is progressing around the role of local councils in delivering face to face services and the rent safeguards that will operate under Universal Credit – Leeds is involved in both these aspects of work.

### **3 Main information**

- 3.1 The preparations for the welfare reforms are based around 6 key objectives. These are set out below (Appendix 1 sets out the aims and actions in more detail).

#### *Developing awareness of the impact of the reforms at a local level*

- 3.2 The main focus of this work to date has been looking at the impact of the under-occupancy rules on ALMOs and RSL tenancies. This information is being used to support a targeted communications plan to tenants affected by the changes and enable ALMOs and RSLs to undertake a home visit programme to provide 1:1 support to tenants.
- 3.3 Significant work has also been undertaken in relation to local Council Tax Support schemes that replace Council Tax Benefit from April 2013. The work has enabled the impact of the change in Leeds to be understood and has supported the development of a draft scheme for consideration by Executive Board. Executive Board has now approved a public consultation exercise on a draft scheme which will, for the first year, see:
- Lone parents with children u5, customers entitled to enhanced or severe disability premium and customers getting war disablement or war pensions protected from any reductions in support; and
  - Reductions in support for the remaining working age customers limited to 10% in scheme
- 3.4 Further work is now starting on identifying those likely to be affected by the £500 a week Benefit Cap with the intention of implementing a home visit programme starting in August.

#### *Ensuring customers and stakeholders are prepared for the reforms*

- 3.5 The initial focus has been on working with stakeholder groups to ensure they are aware of the changes and the way they will impact on customers in Leeds. Briefing sessions have been run for frontline staff both from within the Council and also from external partners and there have been a series of presentations to interested groups such as Voluntary Action Leeds, Advice Leeds Network, NHS, Childrens Board, Childrens Services, Adults Services etc. with more

planned. Refresher workshops for frontline staff will be run in Sep/Oct 2012 and Jan/Feb 2013 to ensure that frontline staff are up to date with developments.

- 3.6 An internal Sharepoint site on Welfare Reform has been created providing up to date information and statistics on the Housing Benefit and Council Tax Support impacts at ward level. All members have been provided with a link as have a large number of officers. A Knowledge Hub site has been established on welfare reform in Leeds using the LGA facilities and this publicly accessible site is intended for use by external partners.
- 3.7 As part of the work in preparing customers for the changes, a leaflet on under-occupancy has been developed by ALMOs and a booklet on welfare reforms in general is now also available and is being distributed to OSCs, Libraries, ALMOs, RSLs, Advice Agencies, GPs surgeries etc. Leeds City Credit Union has developed a budgeting account in response to the challenges created by Universal Credit and the intention to pay benefit monthly in arrears and there is also work underway to gauge the capacity of the council and partner organisations to support people in making online claims.
- 3.8 The council has also been recommended to the DWP by the Local Government Association to run a pilot face to face service which will see the provision of a wrap around service to Housing Benefit customers involving money advice, support to get online and training and advice around work readiness. The pilot is expected to launch in September for 12 months and is intended to provide information for the roll of Universal Credit which will start in October 2013.
- 3.9 The roll out of Universal Credit will see customers migrating to a new benefit and a new benefits regime and the intention is to provide a pack of supporting information to tenants when they make the move to Universal Credit. The pack will remind tenants of their responsibilities for budgeting and payment rent and will signpost to advice and assistance in relation to money and debt issues, access to bank accounts and support to get online.

*Putting in place support arrangements for the most vulnerable tenants*

- 3.10 here will be families and individuals who will struggle to cope following the changes. There is some limited funding available to help and the intention is to target these funds at those most in need. Other non-financial support will also need to be available to help people make the transition from the current benefits regime.
- 3.11 The Government will provide additional funding under the Discretionary Housing Payment scheme to help deal with under-occupation and Benefit Cap

changes. Draft policy proposals are being drawn up for consultation with the intention of taking a recommended policy to Executive Board in October 2012.

- 3.12 Councils will also take over the responsibility for providing Social Fund schemes (which are renamed local welfare services under the Welfare Reform Act). Again, consultation is due to start shortly with the intention of recommending a scheme to Executive Board in October 2012. In relation to the Social Fund, the recommendations will need to cover the type of scheme (cash, voucher or a mixture), the policy and aims of the scheme in Leeds and the options for administration of a scheme in Leeds (including options for administration by partner organisations).
- 3.13 Clearly, the key element in supporting the most vulnerable tenants will be ensuring that we identify the most vulnerable. Connections have been made to the Troubled Families initiative and to the Cluster Boards and their top 100 families initiative. It is also expected that ALMOs, RSLs and Benefits Service will identify vulnerable tenants as part of the programme of visits around under-occupation and Benefit Caps. There will also need to be input from Area Management Teams using local networks and local knowledge to identify vulnerable customers not known to other organisations. Area Management Teams will also have an important role in mapping the voluntary and support services in their areas and helping to make connections between vulnerable tenants and support services. It is also intended to contact all elected members to use their local knowledge as well.

*Ensuring Council service provision reflects requirements arising from welfare reforms*

- 3.14 The LA-led pilots initiative will help to frame how Customer Services needs to respond to the challenges of welfare reform. However, Leeds is well placed to respond through the One Stop Centre approach that integrates key services such as Leeds City Credit Union, Libraries and Information Services and Welfare Rights advice. Additional resources have been brought in by ALMOs and Contact Centre to deal with the expected calls from tenants receiving letters about under-occupation rule changes.
- 3.15 The extent of the changes required will be influenced significantly by the role of local councils in delivering Universal Credit. The DWP is currently developing a National Service Framework for the delivery of Face to Face services and is favouring a commissioning approach rather than a statutory role for local councils. A final decision is expected in late summer.
- 3.16 There are other factors that need to be taken into account when looking at service delivery under Universal Credit, in particular

- Social Sector landlords will need to develop relationships with Universal Credit administration and develop rent collection approaches that recognise Universal Credit requirements;
- Tenant monitoring and mentoring schemes may need to be developed to support certain tenants in migrating to Universal Credit;
- Area Management Teams need to consider the degree to which Jobcentre Plus is accountable for Universal Credit administration at a local level; and
- Revenues and Benefits need to change to reflect increased collection activity around Council Tax and loss of Housing Benefit caseload as it migrates to Universal Credit;

3.17 The final elements of the approach to preparing for the reforms are around understanding the financial implications for the council and developing an approach with Jobcentre plus that maximises opportunities provided by Universal Credit. There is information around the financial impacts on the council of under-occupancy and the local Council Tax Support scheme. There is more needed to fully understand the impact around other direct costs to the council (loss of administration grants, impact of removal of benefit overpayments) and indirect costs of dealing with the impact of the welfare reforms (rent arrears, Council Tax arrears, homelessness etc.) More information is needed from DWP and DCLG but it is intended to start this work in August so that it can be factored into budget discussions for 13/14 onwards.

## **Recommendations**

The report is for information and the Committee is requested to note the report and support the further development of relations with Area Management Teams around welfare reform.

**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	Progress
<p>Provide detailed intelligence on the impact of the proposed reforms at city, ward and cluster level to support partners and stakeholders responses.</p>	<p>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.</p>	<p><b>Revs and Bens</b></p>	<p>Business Intelligence Jobcentre Plus ALMOs RSLs</p>	<p>Detailed analyses available for under-occupation, local CTS schemes, and LHA impacts at ward and other levels. All data available on Sharepoint website and needs to be uploaded to Knowledge Hub and all capable of being mapped against deprivation data and maps showing digital inclusion. Data can be read in conjunction with Leeds Observatory data.</p> <p>Further work needed as follows:</p> <ul style="list-style-type: none"> <li>○ Benefit cap data needs to be updated and details shared with providers;</li> <li>○ Data sharing agreements in progress to allow data sharing with partners;</li> <li>○ Little data around financial exclusion and debt - these need to be key elements of U/O visits</li> </ul> <p>Some information available around Universal Credit migration assumptions.</p>

<p>Develop options for local schemes of Council tax support</p>	<p>Initial options to be developed to highlight impacts at city, ward and cluster level and to support more detailed equality impact assessments</p>	<p><b>Revs and Bens</b></p>		<p>Report prepared for June Exec Board that sets out scheme options for ongoing consultation with major precepting authorities and for approval for public consultation.</p> <p>Further work required as follows:</p> <ul style="list-style-type: none"> <li>○ Impact on parishes needs to be understood;</li> <li>○ Response to DCLG funding consultation document required;</li> <li>○ Project manager to be appointed;</li> <li>○ Ongoing discussions with WY councils on implementation issues</li> </ul>
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## 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	Progress
<b>Communications</b>				
<p>Develop and deliver a comprehensive communications programme aimed at meeting the information needs of citizens, customers, stakeholders and members</p>	<p>Communications will deliver targeted information and advice to those affected by the reforms</p>	<p><b>Corporate Comms</b></p>	<p>WRSB</p>	<p>Comms. Strategy developed and signed off</p> <p>Members and Stakeholder websites available from April and June respectively.</p> <ul style="list-style-type: none"> <li>○ Need to carry out survey to check use and usefulness of sites</li> </ul> <p>Series of targeted communications to customers to start in July 2012 accompanied by press releases around U/O, LCTS. U/O letters will be followed by individual contact from ALMOs/RSLs to discuss options and carry out financial health check with customers.</p> <p>Welfare Reform leaflet imminent for OSCs, Libraries, ALMOs, HAs, Advice Centres, GPs surgeries and other main contact areas</p> <ul style="list-style-type: none"> <li>○ need to produce Area Committees report on welfare reform progress;</li> <li>○ need to refresh presentations, workshops and information for key</li> </ul>



				stakeholders.
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	<b>Customer Services</b>	<b>ALMOs RSLs Advice Agencies</b>	Briefing sessions delivered to frontline staff with refresher sessions to be delivered in September 12 and January13. FAQs provided on U/O for frontline staff and further FAQs to follow around Benefit Cap and local Council Tax Support scheme.  Programme of Welfare Reform advice surgeries / roadshows to run from September 2012 targeting areas agreed with Area Managers.
<b>Preparing claimants</b>				
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.	<b>Customer Services</b>	<b>ICT ALMOs RSLs Area Managers</b>	Bid submitted for LA-led pilots to encompass preparing for a digital by default, budgeting and debt advice and work-related support – bid supported by Customer Services, Jobs & Skills, Libraries & Information Services, Leeds City Credit Union and ALMOs. Outcome to be announced in July  GO ON online initiative launched in Leeds with BT support.  Digital Broadband capability extended and expected to provide full coverage across Leeds by 2015  LA community lobbying DWP for a more significant role in delivering face-to-face services for Universal Credit.

				<p>Need to gauge capacity to facilitate online access in:</p> <ul style="list-style-type: none"> <li>○ OSCs, ALMOs, RSLs, Childrens Centres, libraries and Advice Agencies and develop customer awareness of availability of facilitated access;</li> <li>○ Jobcentre Plus offices in Leeds to facilitate access as they are seen by DWP as being the main providers of face-to-face services</li> <li>○ Need to put in place out-reach service that will provide facilitated access in customers homes where required (e.g. Housing providers, Social Services) and in localities not served by OSCs – provided by Libraries travel.</li> </ul>
<p>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)</p>	<p>DWP recognise the sensitivity around paying social sector tenants directly and are working with councils to understand the steps required to minimise risks</p>	<p><b>Financial Inclusion Partnership</b></p>	<p>Jobcentre Plus RSL ALMOs</p>	<p>Leeds City Credit Union budgeting acc. designed with welfare reforms in mind.</p> <p>LCCU to be accessible across OSC network</p> <p>Can lettings process encourage bank account ownership? Agree with main banks on acceptability of ALMO/RSL ID checks as proof of ID for opening accounts.</p> <ul style="list-style-type: none"> <li>○ Develop campaigns to increase number of tenants paying rent by monthly bill paying account;</li> </ul> <p>Continue to work with and lobby DWP through the Support &amp; Exceptions</p>

				<p>Working Group on support and funding for the delivery of budgeting advice and budgeting services</p> <p>Use information and intelligence from U/O visits, LA-led pilot and Benefit Cap visits to further develop approach to delivering budget advice and support.</p>
<b>Supporting claimants</b>				
<p>Reflect welfare reforms impact in review of Tenancy and Lettings strategy.</p> <p>Develop support options to assist tenants wishing to transfer to suitably sized accommodation.</p> <p>Ensure payment options, tenancy management arrangements and collection and recovery arrangements reflect Universal Credit requirements</p>	<p>Ahead of under-occupation rules coming into effect, take steps to prevent under-occupation and work with tenants to reduce numbers under-occupying properties.</p> <p>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.</p>	<p><b>Strategic Landlord</b></p> <p><b>ALMOs RSLs Revenues</b></p>	<p>ALMOs RSLs</p> <p>Financial Inclusion Group</p>	<p>Draft Tenant's Strategy and Lettings Strategy submitted to Executive Board along with under-occupation incentive scheme report</p> <p>Allocations staff aware of under-occupation rules and faqs script provided to front line staff</p> <p>Tenant's leaflet in development by ALMOs about under-occupation and article published on Tenants Newsletter.</p> <ul style="list-style-type: none"> <li>○ Develop options to support tenants willing and able to move including providing support to move into private sector where this is an option</li> <li>○ Need to develop package of options/protocols to support tenants who move onto Universal Credit in maintaining their tenancies.</li> <li>○ Corporate approach to debt recovery to be developed and promoted</li> <li>○ Direct payment safeguard</li> </ul>

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	<b>Bridget Emery</b>	Advice Leeds Financial Inclusion Group	<p>arrangements built into collection and recovery processes</p> <p>LHO resources increased</p> <p>Basic debt awareness training to be delivered to frontline staff: ALMOs, OSCs and RSLs</p> <p>Commissioning exercise to be undertaken for provision of Advice across the city</p>
<b>Strategic objective 3</b>				
<b>Ensure support arrangements are available for vulnerable claimants</b>				
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.				
<b>Action</b>	<b>Comment</b>	<b>Action Owner</b>	<b>Contributing Officers</b>	<b>Progress</b>
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, tenants with large families who will lose a high proportion of their Housing Benefit as a result of the Benefit Cap proposal etc.			<p>Need to complete analysis of impact of reforms on larger families (4+ children).</p> <p>Meetings with Area Managers and Cluster Boards arranged. Need to pull together information on troubled families, top 100 'families' identified by Clusters and Benefit Cap families to agree overall approach, lead professional and options</p> <p>Area Managers to develop and co-ordinate local support arrangements</p> <p>Consultation on Discretionary Housing Payment policy will start shortly</p> <p>Need to understand extent of rent arrears and feed this into DWP's Support and Exceptions Group to lobby for appropriate</p>

				rent safeguards. Opportunity to further promote FSMs as a cost saving measure?
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	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	Welfare Reform Team		Consultation activity to get underway in July with view to presenting recommendations to Exec Board in Oct 12.

#### 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

Action	Comment	Action Owner	Contributing Officers	Progress
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	Develop and share good practice guide for: <ul style="list-style-type: none"> <li>o Social sector landlords in a UC world</li> <li>o Private Sector landlords in a UC world</li> <li>o Revenues collection in a UC world etc.</li> </ul> Put in place arrangements that support tenants and service providers during the migration to UC.  More work needed to understand requirements arising from changes to funding of Temporary and specialist accommodation

				Understand resource requirements and funding options including New Burdens options
Ensure Customer Strategy reflects face-to-face service delivery and customer access requirements under Universal Credit	Councils will play a key role in supporting Universal Credit delivery through the design and delivery of face-to-face services that support customers into employment	Paul Broughton	ALMOs Revenues & Benefits ASC Childrens Services Jobs and Skills Jobcentre Plus	Customer Services will be key to supporting the Comms Strategy and to developing OSC service delivery arrangements that meet the needs of customers and clients. <ul style="list-style-type: none"> <li>○ Demand and capacity issues need to be understood and resourced;</li> <li>○ Partnership options need to be developed, particularly with Jobcentre Plus but also around out-reach options</li> </ul>

#### 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	Revs and Bens	Financial Management	Direct costs analysis underway as part of a Business Case activity with DWP Further work needed on indirect financial implications arising from migration to UC

In conjunction with West Yorkshire Councils, develop financial plan that supports the design, implementation and ongoing operation of local support schemes for Council Tax.	services and residual requirements  Implementation and administration costs for Council Tax Support schemes need to be developed taking account of DCLG funding arrangements	<b>Revs and Bens</b>	Financial Management West Yorkshire Councils	Work progressing but further work needed on impact in Council tax taxbase, particularly in relation to parish councils
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	<b>Strategic landlord</b>	Financial Management	Financial Management agreed to allocate resource to co-ordinating analysis

### 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

