

**Report of Chief Officer Welfare and Benefits**

**Report to Inner West Area Committee**

**Date: 19<sup>th</sup> February 2014**

**Subject: Welfare Benefit Changes One Year on – Poverty and Financial Inclusion**

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**

The report provides a further update on the citywide and local aspects of the main social security benefit changes which were introduced in April 2013. Statistics relevant to Armley and Bramley and Stanningley are at Appendix I.

The report provides information on how the council is responding to the issues arising from the welfare reforms. This includes information about the multi-storey flats initiative, the intention to develop a Community Hub in Armley and the activities underway at a local level to help prepare for Universal Credit

At a city-wide level a Citizens@Leeds approach has been developed to help tackle poverty and deprivation in the city. The Citizens@Leeds approach is built around 4 propositions:

The need to provide accessible and integrated services;

The need to help people out of financial hardship;

The need to help people into work; and

The need to be responsive to the needs of local communities

One of the key elements of the Citizens@Leeds approach is the concept of a new Social Contract which is based around high levels of support for citizens but requires citizens to engage with the support. (See Appendix II)

The activities of high cost lending and illegal money lending are still areas of concern. Progress has been made since the High Cost Lenders conference on 25<sup>th</sup> October 2013. There have also been developments in the provision of Foodbanks and Food Aid across the city including the opening of the West Leeds Foodbank.

## **Recommendations**

6. The Committee is asked to:

Note the information about the continuing impact of the welfare reforms and continue to promote engagement with benefit initiatives in Armley and Bramley and Stanningley.

Work with the Financial Inclusion team to shape local events and support initiatives against high cost lenders.

Provide comment on the new Social Contract approach of Citizens@Leeds which recognises the need for high levels of support but with the requirement that the citizen engages with that support.

## **1 Purpose of this report**

- 1.1 The report provides an update of the changes to social security benefits after April 2013. It looks at the continuing impact of the welfare reforms at a ward-level basis. It also reports on initiatives taken to offset the adverse outcomes of cuts in personal benefits.
- 1.2 The report provides information on the developments within Universal Credit. It recognises that although its introduction is some time in the future it is seeking input from Area Committees on how a programme of activity can work at a locality level in order for Leeds as a city to be in Universal Credit readiness.
- 1.3 The report provides an update on activities in areas such as Foodbanks and high cost lending.

## **2 Background information**

- 2.4 Most of the initial benefit changes are now in place:
- The under-occupancy rules were implemented in April 2013
  - The changes to Council Tax Support went live in April 2013
  - The local welfare support scheme also went live in April 2013; and
  - The Housing Benefit Cap was completed between 12<sup>th</sup> August and 30<sup>th</sup> September 2013. As of 7<sup>th</sup> January 2014 there were 19 cases in Armley and 16 cases in Bramley and Stanningley. There are 311 cases affected in Leeds.
- 2.5 Personal Independence Payments (PIP) went national on 10<sup>th</sup> June. However, there is a delay in inviting Disability Living Allowance (DLA) claimants who are due for a review, turning 16 or wanting to claim PIP from doing so. These DLA claimants will have their DLA renewed rather than be sent a claim form for PIP. This delay applies to DLA claimants in Leeds. Current expectation is that these cases will be part of the general trend to invite DLA claimants to apply for PIP from October 2015.
- 2.6 Leeds has put in a bid to the DWP for an additional £300K of Discretionary Housing Payments specifically to help tenants requiring 1-bed accommodation because of the under-occupancy rules. Current projections for DHP spend show that there is likely to be an over-spend in excess of £200k.
- 2.7 Leeds has set aside 250K as a Council Tax Hardship Fund for citizens affected by the reduction in council tax support. This will be funded from the Local Welfare Support Scheme.

### 3 Main issues

#### Statistics and Benefit up-dates:

3.1 Appendix I provides some data on the impact of benefit changes within Armley and Bramley and Stanningley wards. There have been some key updates since the last report to the Area Committee:

- *Under-occupancy rules:* DWP has acknowledged that a mistake has been made in the drafting of regulations around under-occupancy which means that tenants whose tenancy began before January 1st 1996 and who have been in continuous receipt of Housing Benefit since 1996 are exempt from the under-occupancy changes. The DWP intends to correct the error and the regulations to remove this exemption will come into force from March 3<sup>rd</sup> 2014. Nationally estimates on the numbers affected have ranged between 5,000 and 40,000. In Leeds we have identified around 450 Housing Leeds tenants who may be exempt and are continuing to work on this issue. The process of identifying tenants who have both been in a tenancy pre 1996 and have been in continuous receipt of Housing Benefit is complicated.
- *Local Welfare Support scheme:* Specific government funding for the Local Welfare Support Scheme is expected to cease at the end of 2014/15. This represents a loss of £2.9m funding and the council will need to decide whether it wants to continue to provide a local welfare support scheme and how it will be funded
- *Universal Credit:* It is unlikely that Universal Credit will be introduced into Leeds before 2016. Nevertheless, work will continue to prepare for Universal Credit and will be overseen by the Welfare Reform Strategy Board. The preparations will be developed under the Local Support Services Framework with Jobcentre Plus and will focus on Financial Inclusion, Digital Inclusion and Improving Employability.

#### Citizens@Leeds initiatives

3.2 A separate report is to be tabled to Area Committees on the development of three pilot Community Hubs with one proposed for Armley. This paper focuses on the activities underway to support the 'tackling financial hardship' proposition.

##### *Multi-storey flats initiative*

3.3 In November 2013, Executive Board agreed to run a pilot looking at how we can work with tenants in the multi-storey flats affected by the under-occupancy rules to help move them to a position where they can afford to pay their rent and maintain their tenancy. The pilot will link financial support with advice and personal support and will cover debt and money advice, help with budgeting and costs reduction, support for life style changes and help with jobs and skills. Tenants will be expected to engage with the activity and agree an activity plan and in return they will receive additional help through the Discretionary Housing payments scheme with their rent. Tenants who fail to engage will not be supported and will not

receive the additional help with their rent. The number of tenants in multi-story flats who will be offered support in Armley is 155 and the pilot is expected to go live in February 2014.

The expectation that tenants will engage in this activity is part of the development of a new Social Contract. In effect, this is a concept where high levels of support are provided but only on condition that the tenant participates in agreed activities that are intended to reduce indebtedness, help with budgeting and improve employability and job prospects. The multi-storey flats initiative will act as a pilot for Social Contract behaviours and the lessons learned will help to guide its development. Details of the engagement between tenants and officers are at Appendix III.

### *High interest lending and illegal money lending*

- 3.4 Following on from the launch of the 'Take A Stand' against high cost lenders campaign on 25<sup>th</sup> October 2013, 237 people and organisations have pledged their support to the campaign. Environment and Housing are continuing the review of advice services in order to create a more accessible and integrated debt advice service for Leeds. Armley One Stop Centre (OSC) as a pilot for the Community Hub will be at the forefront of the development of both hub based and pop up services. In parallel there is the development of the Money Information Centre (MIC). This is not a place but a brand where there will be many organisations and centres which will be badged as MIC. It is expected that Armley OSC and Housing Leeds offices will carry the brand. The Money Information brand is expected to be launched in mid-March.
- 3.5 A city wide marketing and promotion campaign was undertaken by Leeds City Credit Union (LCCU) for Autumn/Winter 2013/14. This involved poster coverage on buses and in bus shelters. A leaflet drop to 51,000 residents across identified mapped areas of Leeds. This included 4,000 households in Wortley. A payslip advert for LCC employees on 16<sup>th</sup> December and also an advert on InSite its intranet site. Publicity has been provided through social media with more than 32,000 'tweets' promoting Leeds City Credit Union (LCCU) as an alternative to high cost lenders. LCCU across Leeds saw a marginal increase of 1% in customer's footfall but phone calls request for loans increased by 100%. The Armley branch saw a footfall of 3,428 in 11/11/2013 – 20/12/2013. There are 2,809 members covered by LS12 postcode with savings of £577,000 and £518,000 on loan. The interest saving on the loans, i.e. the interest saved by taking a loan from the credit union instead of a high cost lender is at a conservative estimate £357,000 per annum.
- 3.6 Research was commissioned by LCC as part of the High Cost Lending initiative to question why people engaged with high cost lending. This was undertaken by divacreative and was achieved through a baseline survey questionnaire of 422 residents selected at random from the streets of Armley, Chapeltown, Little London, University and City Centre. 101 residents in Armley completed the questionnaire and a further 8 in Bramley and Stanningley. A creative workshop was also undertaken on 5<sup>th</sup> December 2013. The research has been recently published by divacreative and the responses are being correlated and studied in order to determine patterns of behaviour and decide further action.

- 3.7 In relation to illegal money lending, partners have been working collectively to deliver Opportunity Knox events. These are market style events for members of the public with the primary objective being to tackle and raise awareness about illegal money lending. The events are also attended by partners from advice services, health services, financial services, employability partners and emergency services. There have been over 25 events over the last year in all areas of the West North West, with varying degrees of success. More than 300 members of public have attended locality events, with between 10 and 30 people attending each event. A further event is planned for New Wortley.
- 3.8 Public Health has utilized the Lifechannel broadcast in GP surgeries to raise awareness around illegal money lending. Promotional leaflets have been developed and circulated to support this initiative. The DVD has been circulated to partners for wider promotion.
- 3.9 Housing Leeds continue to work through the Illegal Money Lending Team to look at tackling loan sharks and scams. Staff briefings have been undertaken on loan sharks and scams, particularly focusing on the elderly and vulnerable. Further campaigns are planned; a week of action took place in October 2013. The last campaign led to the arrest of two people from west Leeds in connection with illegal money lending.
- 3.10 Frontline worker training sessions have been held by Public Health and Trading Standards for all priority neighbourhoods to raise awareness around illegal money lending, high interest loans and debt prevention. They have included awareness of the SAFER project, Better Leeds Communities and the Housing Leeds Financial Inclusion Officer. Two sessions were held in October in the west, with approximately 70 front line workers in attendance. The next one is planned for the 20<sup>th</sup> March at the Thornton Medical Centre, New Wortley.
- 3.11 PC's, PCSO'S and NPT's are also to be trained in dealing with loan sharks by Trading Standards; this will include what is defined as harassment.

### **Other initiatives**

#### *Foodbanks*

- 3.12 A Food Aid Network is being established to help link Foodbank providers across the city in order to share good practice and increase sustainability and resilience. The Network is independently run from the council but the council is supporting the Network to become established. The Network is currently working on mapping food aid provision across the city.
- 3.13 The Council is also looking to work with FareShare to support a Leeds food distribution centre that would help to supply the Foodbanks with food supplied by supermarkets. Staff at sites across the city are donating and collecting food.
- 3.14 At the Armley One Stop Centre the customer services staff are donating their collection to St Bartholomew Church. In December shoppers at Tesco in

Bramley donated food to help the Foodbanks stock up their supplies to support needy families in December and January. There is a Bramley Community Foodbank, operating from the Fairfield Community Centre. The Leeds West Foodbank is due to open on 27<sup>th</sup> January 2014 at Farsley Community Church. This is to be followed by a further three centres in west Leeds and the aim is to support 8,000 people locally.

### *Budgeting advice*

- 3.15 Leeds City Council commissioned Better Leeds Communities to deliver additional information, advice and guidance to tenants affected by the welfare reform. Work commenced at the beginning of April 2013 and it continues to provide support across Leeds. This includes one to one budgeting and financial capability advice. We have worked closely with Better Leeds Community to do more outreach work with communities and this has resulted in improved outcomes. For example outcomes over the last quarter show the total number of service users worked with (existing and new) as 79, and out of these the number of people signposted to other agencies was 16 and the number of people supported to manage their affairs was 79.
- 3.16 The Housing Leeds Financial Inclusion officer has been promoting free school meals, budgeting skills and reducing utility bills to all customers, targeted towards those on a low income. This work continues and more recently the officer has coordinated with outside agencies and local community center's to hold budget skills, computer skills and debt advice courses/sessions on a regular basis. These have received excellent feedback.
- 3.17 Public Health are developing a money management/ budgeting toolkit to enable practitioners to deliver sessions in community centres across the WNW. This initiative is on target to be launched in April with extra small funding pots available for room and crèche hire. There will be approximately 100 packs to be available in the West North West area for Children's centres, and the VCFS sector and anyone who requests one who deals with groups that need budgeting help.
- 3.18 Following in the success of a Welfare Reform Workshop for frontline workers in October 2012, where over 60 people attended the event and feedback was very positive. A further workshop is being organised for March 2013.

## **4. Corporate Considerations**

### **4.1 Consultation and Engagement**

- 4.1.1 The report provides information on progress in implementing the welfare changes and the impacts of the changes and is not a report which requires public consultation.

### **4.2 Equality and Diversity / Cohesion and Integration**

- 4.2.1 The Government's welfare changes have implications for equality and diversity and have been subject to equality impact assessments. Similarly, the

developments of Discretionary Housing Payments and Local Welfare Support schemes have been subject to equality impact assessments.

### **3.3 Council policies and City Priorities**

- 4.3.1 The on-going development of responses to the welfare changes and preparations for changes still to come is aimed at supporting City Priorities around health and wellbeing and poverty. Cross-sector working, particularly with the advice sector and 3<sup>rd</sup> sector organisations such as the Credit Union, is aimed at ensuring tenants and residents receive support to manage the changes.

### **4.4 Resources and value for money**

- 4.4.1 The report is for information only and does not have any resource implications directly. The on-going development of initiatives to tackle high cost lenders and put in place support for vulnerable tenants has resource implications. These are expected to be met from funding streams for local welfare scheme and local support services framework, once announced.

### **4.5 Legal Implications, Access to Information and Call In**

- 4.5.1 There are no legal implications relating to this report.

### **4.6 Risk Management**

- 4.6.1 The programme of welfare changes increases the risk of rent arrears and Council Tax arrears. Changes to the recovery process along with the application of the Discretionary Housing Payment scheme are aimed at mitigating the risks.

## **5 Conclusions**

- 5.1 Many tenants are struggling to cope with the welfare changes that came into effect from April 2013; there have been increases in rent arrears and Council Tax arrears which it can only be assumed are partly as a result of the changes. On-going preparations for Universal Credit recognise the impact of the changes to date and focus on tackling high cost lending, increasing financial inclusion and supporting tenants to get online to manage benefit claims.
- 5.2 Further challenges will be made on Discretionary Housing Payments funding in 2014/15 as Housing Benefit Cap cases will apply for the full year. This will mean that further work is required to move tenants away from dependency on DHPs and into more sustainable and affordable renting solutions.
- 5.3 Partners are coming together in localities to better use the community infrastructure to support people affected by the welfare changes. This provides a good platform for further collaboration with a range of city-wide partners including Jobcentre Plus as the local support services framework develops.



## **6 Recommendations**

### **6.1 The Committee is asked to:**

Note the information about the continuing impact of the welfare reforms and continue to promote engagement with benefit initiatives in Armley and Bramley and Stanningley.

Work with the Financial Inclusion team to shape local events and support initiatives against high cost lenders.

Provide comment on the new Social Contract approach of Citizens@Leeds which recognises the need for high levels of support but with the requirement that the citizen engages with that support.

### **Background documents<sup>1</sup>**

None.

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<sup>1</sup> The background documents listed in this section are available for inspection on request for a period of four years following the date of the relevant meeting. Accordingly this list does not include documents containing exempt or confidential information, or any published works. Requests to inspect any background documents should be submitted to the report author.

## Appendix I

### Inner West Area Committee

Indicators of the Impact of Benefit Changes in Armley and Bramley and Stanningley Wards:

#### Impact of benefit changes as of 7<sup>th</sup> January 2014

##### Ward Breakdown: Under-Occupancy and weekly loss of Housing Benefit

Ward	Housing Leeds	Housing Benefit Loss	RSL	Housing Benefit Loss
Armley	356	£3,755.00	92	£1,428.00
Bramley & Stanningley	284	£3,445.00	26	£364.00

#### Impact of benefit changes as of 7<sup>th</sup> January 2014

##### Ward Breakdown: Local Council Tax Reduction Scheme – additional 19% to pay

Ward	Number of Claims
Armley	1,911
Bramley & Stanningley	1,212

#### Impact of benefit changes as of 7<sup>th</sup> January 2014

##### Ward Breakdown: Benefit Cap cases

Ward	Number of Claims
Armley	19
Bramley & Stanningley	16

#### Impact of benefit changes as of 22<sup>nd</sup> January 2014

##### Ward Breakdown: The number and value of Discretionary Housing Payment Awards:

Ward	Number of Awards	Value of Awards
Armley	187	£90,174.73
Bramley & Stanningley	129	£76,368.55

## Impact of benefit changes as of 22<sup>nd</sup> January 2014

### Ward Breakdown: The number of applications to the Local Welfare Support Schemes:

Ward	Applications	Granted	Refused
Armley	420	346	74
Bramley & Stanningley	233	193	40

### Ward Breakdown: Benefits Caseload as of May 2013:

Benefit	Armley	Bramley and Stanningley
Jobseekers Allowance	1,245	910
Employment and Support Allowance	1,000	870
Income Support	540	560
Incapacity Benefit	220	250
Severe Disablement Allowance	70	75
Disability Living Allowance	1,215	1,430
Attendance Allowance	430	415
Pension Credit	950	1,075
State Retirement Pension	3,065	3,335

## Appendix II

### The Social Contract

#### **Background and Introduction:**

“Local government and its partners should forge a new social contract between the citizen and the local state, in which services can be delivered with rather than to individuals and communities.” Commission on the Future of Local Government July 2012

#### **What do we mean by a New Social Contract?**

The impact of welfare reforms and cuts to local government finances reveal the need for a permanent revolution in how councils engage with their citizens and how support services are delivered. In effect the relationship between councils and their citizens will have to change. There needs to be a rebalance of the rights and responsibilities of both citizens and the council. Engagement goes hand in hand with enablement.

While there will always be a need for council services to support its citizens the support will be more successful if the council begins the process of engagement with its citizens rather than as a service provider that does things to them and for them. We will change from the business of managing a citizen’s problems to one of support to enable a citizen to deal with the problem themselves.

In Leeds we want a city where people are active and involved in their community. We need council services and support that helps to grow personal and community and economic resilience so that people are able to overcome life’s challenges and participate in the opportunities available for personal and community improvement.

The social contract is the bedrock of modern citizenship. It applies to the whole of Leeds and not solely to its poor and vulnerable citizens. It is intended to create a social, economic and political engagement that puts citizens at the centre of change.

#### **Multi-storey flats initiative**

A pilot initiative is planned to help address the impacts of the welfare reforms in relation to tenants living in council-owned multi-storey flats. The initiative involves working with tenants to empower tenants to better manage their financial, housing and lift circumstances. The project will assist customers in helping find their own solutions and help to tackle financial hardship. This is to be achieved through partnership and integrated working and will involve the Citizens@Leeds initiative which will bring people and services together through community hubs and create the space for the voluntary and third sector services that will be required.

The project will be delivered, managed and co-ordinated by Housing Leeds through local housing offices and community venues.

There will always be a need to provide support with people's lives, for a variety of reasons, but we know that this will be more successful if done with individuals, families and communities rather than without their co-operation.

The concept of the new Social Contract, built around support, engagement and aspirations, needs to be developed and understood in relation to the multi-storey flats initiative.

### **What does a new Social Contract mean for the way the Council works?**

Citizens may present with a single issue but it is clear from engagement with advice and support services that poverty strands are linked. Low incomes will affect health and well-being which may be the consequence of lack of financial inclusion and fuel poverty. The strands themselves may result from lack of aspiration or confidence. This may be linked to long term unemployment, the current financial climate and the Welfare Reforms. The Council need to provide high levels of support to those in need and frame that support in the context of rights and expectations.

## **Appendix III**

# **Multi-Storey Flats Discretionary Housing Payments Pilot:**

### **Engagement**

- The Officer will need to show that by engaging with the service the tenant will be better off than they were at the start of the Pilot.
- There should be no presumption made that tenants will engage with the initiative.
- It is the responsibility of the Pilot itself to engage with the tenants affected.
- The Pilot will need to encourage tenants to get involved.
- The Officer will need to ensure that the tenant understands what the Pilot proposes and what it involves.
- The Officer will need to be honest about any barriers that the tenant may face.
- The Officer will need to make clear the benefits of engagement with the Pilot.

### **Access to services**

- Access to services will be guided by the principles of the Citizens@Leeds initiative.
- Access will be through a single customer experience. The Officer will retain contact with the tenant from start to end.
- The Pilot will act as the Gateway to the additional support identified for the tenant through engagement.
- Access to additional support identified through engagement will be arranged by the Officer.

### **Support (financial, advice and personal)**

- Support will be provided following an initial assessment of personal need.
- Welfare Benefits checks will take place in all cases.
- Financial advice will be offered from personal budgeting to support for debt management.
- Advice and support will be offered on efficient engagement with the cost of utilities including home energy efficiency, energy swaps, mobile phone and internet packages, savings to be made through installation of a water meter and approaching utility charities to clear arrears
- Advice and support will be offered on assistance with accessing IT and online services
- Advice and support will be provided to assist with improving the tenant employability.

- If the tenant identifies health issues in the initial assessment they will be sign posted to available health and well-being information.
- This may involve voluntary work experience

### **Supported journey**

- Support will be linked and seamless. All support will be linked to the Pilot through the Officer.
- Support will be tailored to the individual and relevant to their personal circumstances.
- Support will be provided following discussion with the tenant taking into account their views and expressed needs.
- Support will follow the tenant journey through to end of the Pilot, and potentially beyond, will act as an active record of that journey

### **Conditions**

- The support offered is conditional on continuing engagement with activities.

### **What does the new Social Contract mean for the citizens we are supporting?**

The Council needs to engage not only with citizens who are unable to cope with impact of change but also with its citizens who are struggling to get by. This is a group that clearly will engage with trying to address the problems arising from their personal circumstances. With support these citizens are leading examples of where local service support and citizenship action can jointly effectively address problems

Clear empowerment of citizens on specific policy issues or outcome areas, supported by strong local relationships with councillors would help to create local solutions for local problems.

At the same time to be effective there needs to be safeguards to ensure that not doing things for people does not mean doing nothing.

### **Engagement:**

- The tenant will need to demonstrate that they are engaging with the Pilot and Officer.
- Initial contact with the tenant to be made by letter phone call, email or any other suitable electronic media.
- Follow up engagement with the tenant to be face to face.

- Follow up engagement with the tenant to be continued throughout the Pilot.

### **Develop an agreed plan**

- The tenant will need to contribute to developing the plans timescales for delivery.
- Officer will need to make clear the menu of support that is available.
- The tenant will need to demonstrate that they understand the beneficial outcomes for them.
- Jointly agree from the menu of support the activities that would be of benefit.
- The tenant will need to identify any activities that have not been included in the menu of support that would be of benefit.
- The tenant will need to agree Learning Objectives with the Officer.
- The tenant will need to identify additional needs arising from activities e.g. transport costs.
- The tenant will need to sign the agreed plan of activities.

### **Participation in activities**

- The Officer will arrange access to the areas of support that have been agreed to be of benefit.
- The tenant will need to attend and participate in the agreed activities.

### **Understand and accept responsibilities**

- The tenant will agree to engage in activities that would improve tenancy affordability.
- The tenant will agree to accept responsibility for maintaining Learning Objectives.

### **What does the new Social Contract mean for Officers?**

The Social Contract will involve Officers taking on board responsibility and accountability for the outcome of the Pilot.

- The Officer will need to be the single access point for the tenant to be able to engage with the underlying problems and breakdown the barriers that are stopping engagement.
- The Officer will arrange access or sign post to the areas of support that had not been included in the menu of support that would be of benefit.
- The Officer will ensure that activities are easily accessible.



- The Officer will check that the tenant's participation in the activity is effective.
- The Officer will need to make decision to engage, re-engage or withdraw support to the tenant if the agreed plan is clearly not working to support the tenant into an affordable tenancy.
- The Officer will need to recognise the tenant's choice to stop engaging with activities and if necessary withdraw support.
- The Officer will need to be aware of any underlying problems that exist that are creating a barrier to the tenant's engagement with activities.