

**BUSINESS SUPPORT
OVERVIEW AND SCRUTINY COMMITTEE
25 AUGUST 2016**

**UNIVERSAL CREDIT AND WELFARE REFORMS - 6
MONTHLY PROGRESS REPORT**

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Summary

This report provides Members with a progress report regarding Universal Credit and welfare reforms as agreed by Cabinet in September 2014 and also the work of the Welfare Reform Officers Working Group, including a revised action plan developed by the Group

1. Budget and Policy Framework

1.1. The Government's welfare reforms are seen as relevant to a number of council policy documents, such as the 'Council Plan 2016/21' and 'Sustainable Community Strategy 2010/26' and is particularly relevant to the council's core values and strategic priorities that underpin all the council's work and its delivery of services to the people of Medway.

2. Background

2.1. In 2011 Medway Council adopted a systematic approach to identifying and prioritising topics for in-depth review work, by 'time limited task groups'. This evaluated topics in line with potential impact, corporate priority, potential outcomes and timeliness.

2.2. Following consideration of a number of topics for 2013/14 the 'Business Support Overview and Scrutiny Committee' in April 2013 selected 'Impact of Welfare Reforms'. In particular, Members expressed an interest in reviewing the impact of Central Government's plans to radically reform the welfare benefits system on the council and residents from April 2013.

- 2.3. The review document was presented to the Business Support Overview and Scrutiny Committee on 26 August 2014. It was subsequently presented and approved at Cabinet on 2 September 2014.
- 2.4. A copy of the review document can be viewed using the following link:
[http://www.medway.gov.uk/pdf/Welfare%20Reform%20Task%20Group%20\(Final%20Version\).pdf](http://www.medway.gov.uk/pdf/Welfare%20Reform%20Task%20Group%20(Final%20Version).pdf)
- 2.5. The list of actions agreed by Cabinet on 2 September were produced into an action plan which has been managed, monitored and progressed by the officer led 'Corporate Welfare Reform Steering Group'. Many of the actions have either been completed or further legislative changes have meant that a revised action plan is now required. This is attached at Appendix 1.
- 2.6. A six monthly update on progress was last presented at the Business Support Overview and Scrutiny Committee on 2 February 2016.

3. Update on the National Context

3.1. Universal Credit (UC)

- 3.1.1 Universal Credit continues to be introduced in stages and whether someone claims depends on where they live and their personal circumstances. It was rolled out to Chatham Job Centre for single job seekers from October 2015. The aim for UC for all single job seekers nationally to be completed by early spring 2016 was met and has been delivered in all Job Centres since April 2016.
- 3.1.2 Roll out for claimants with a partner or children has started in some parts of the country, with a similar roll out pattern across jobcentres expected as was experienced for single claimants. The latest from the Director General of the Universal Credit Programme is that the rollout for new claims nationally is now September 2018. Based on previous roll out scheduling Medway is likely to be October 2017 to February 2018. The migration of legacy benefits and tax credits to Universal Credit should begin in July 2019 and complete in March 2022.
- 3.2. Other welfare changes proposed with effect from April 2017:
- Personal allowance increased to £11,200;
 - Higher rate tax threshold increased to £43,600;
 - Family element, first child premium and child elements after third and subsequent children eliminated for new births or claims on UC;
 - 18 to 21 year olds to lose automatic entitlement to housing support under UC;
 - New ESA Work-Related Activity Group claimants to receive the same rate as JSA recipients;
 - 18 to 21 year olds on UC to receive intensive support at the start of their claim and are expected to earn or learn after six months;
 - Social tenants on incomes above £40,000 in London or £31,000 elsewhere to pay more than social housing rents, ultimately dependant on household income market rents;

3.3. With effect from September 2017:

- Free childcare entitlement will double from 15 to 30 hours for parents of three and four year olds;

3.4. With effect from April 2018:

- Support for Mortgage Interest will be in the form a loan;

3.5. With effect from April 2020:

- Personal allowance will increase to £12,500;
- Higher rate tax threshold will increase to £50,000;
- National Living Wage will be set at £9 per hour.

4. Universal Credit Medway - DWP Partnership Agreement

4.1. The council continues its commitment to supporting claimants to get online to claim UC. The DWP will be first point of contact for claimants but those simply wanting to get online to claim can take advantage of the use of free computers at our Community Hubs, Libraries and at Kingsley House, where trained staff are also on hand to provide help if required. In addition to this, the library service also provides computer skills training in partnership with 'UK Online' and 'Medway Adult & Community Learning', for those wanting to enhance and gain confidence in their general use of computers.

4.2. The DWP report that over the period of 12 October 2015 until 25 July 16 1,549 UC claims have been received by DWP from single person claimants across Medway. Of those, 524 claimants are now working full time, although the DWP cannot officially claim those results until the HMRC provides an information report which will be 3 months in arrears. There are 914 claimants in the All Work Related Requirement group (attending regular interventions with their Jobcentre Work Coach), many are working part-time and are being supported to find more working hours.

4.3. Personal budgeting has been taken up by 5 claimants and 2 alternative payment arrangements (e.g. rent direct to landlord) have been set up for 2 vulnerable claimants. None of these are HRA tenants.

4.4. As part of the preparations and a review of learning from other social housing landlords who have already seen UC introduced in their areas, the council as a stock retained housing authority moved towards a 52 week rent payment cycle from April 2016. Rent has previously been charged across a 52 week cycle but paid across 50 weeks. The move towards a 52 week rent payment cycle will ensure that the payment weeks fit more comfortably within the 12 monthly payment cycles where tenants will receive their benefit payments.

5. Introduction of Benefit Cap

- 5.1. The Government, as part of the welfare reform, is introducing a cap where residents in receipt of benefits will not receive these above £20,000 outside of London and £23,000 within London. The changes will start to be implemented nationally from 7 November 2016 and will be managed over a number of weeks. All residents affected have been written to by DWP and officers are now working with DWP to identify those that will be affected. Across Medway there are 572 likely to be affected. The DWP estimates that there may be as many as 23 Medway Council HRA tenants affected by the Benefit Cap. Officers have commenced home visits to these tenants to ensure they are aware of these changes and to undertake income and expenditure assessments. Joint interventions at Job Centre plus will also be undertaken.
- 5.2. These changes also impact on those in private rented accommodation due to rent being capped at Local Housing Allowance rates. As a result of this, the Housing Options Teams based at Kingsley House continue to see an increase in larger households approaching them for housing advice and facing homelessness due to affordability of the rent.
- 5.3. A further impact is that the future development of extra care schemes and sheltered accommodation is on hold due to these changes because the rent charges for these services may exceed the benefit cap costs by residents.

6. Council Tax Reduction Scheme

- 6.1. The first year (2013/14) that the council tax reduction scheme was introduced saw a fall in in-year collection from 96.4% to 94.9%. However in 2014/15 collection rose to 95.61% and further to 95.94% last year. Currently collection in 2016/17 is 0.1% ahead of this time last year.

7. Work of Welfare Reform Officers Working Group and Sub Groups

- 7.1. The Officer Working Group continues to meet regularly. The board consists of senior council officers across a range of services and key external partners including DWP, MHS Homes and Medway Community Voluntary Services. Additionally, work of the sub groups (a set up of officers from the main board) continues with the purpose of the sub groups being tasked with looking at key welfare reform issues. These are:
 - Supporting Vulnerable Customers;
 - Communication and ICT technology;
 - Personal Budgeting and Debt Advice.
- 7.2. Additionally, the officer Working Group have also been monitoring and progressing key actions agreed from the Member Task Group which was produced into an action plan. Many of the initial actions were completed or overtaken by other changes and the board took the opportunity in April 2016 to review the action plan to ensure it remained relevant and focussed on key challenges. As a result of this a revised action plan has

been developed by the board, and this is attached at Appendix 1 of this report. Overview and Scrutiny Committee is asked to comment on the revised action plan.

7.3. Vulnerable Customers Work Stream

7.3.1 The group focuses on identifying those vulnerable citizens most likely to be impacted by the welfare reforms and identifying the services available in Medway to support them. One immediate challenge has been surrounding the lack of data or information, especially around those whose income is unknown by the local authority and may be affected by the new benefit cap. DWP had committed (in recognition of this lack of data) to provide the information to relevant local authorities, however owing to Data Protection regulations, this data cannot be shared with Social Services.

7.3.2 Due to data validation issues and resource constraint it has proved to be impractical to identify individuals and households who may be affected and the focus of the workstream has turned to a consideration of the needs of broad groups of vulnerable people (i.e. care leavers, ex-forces) that are likely to be affected.

7.4. Communications and ICT Technology Work Stream

7.4.1 The aim of the group is to ensure that there is a co-ordinated approach to internal and external communications so that residents, staff, members, partners and other key stakeholders are informed about the impact of welfare reform. A communications plan will developed providing a framework to manage and coordinate communications that will take place for the duration of welfare reform.

7.4.2 The work stream will also ensure that Taktix, the directory of support and advice used within the Council, is utilised by partner organisations to make vulnerable people aware of the services available and are sign-posted appropriately.

7.5. Debt Advice Work Stream

7.5.1 The council offers a range of personal budgeting and debt advice support. Primarily, initial contact help and advice, followed by signposting to generally more in-depth support provided by various third parties, some of which is supported by the council. The group is currently mapping these various pathways to personal budgeting and debt advice, to ensure consistency of response and outcomes and to review the opportunity to consolidate internal and funded third party support to provide greater coherence and value for money. The group has further taken ownership of embedding Taktix across the council. This is a directory of support and advice provided by the public and voluntary sector across Medway and Kent, and is an invaluable aid to signposting.

7.5.2 In relation to the council's own HRA service, work is also underway with MHS and other housing organisations to create a joint bid to the 'Money Advice Service' to fund tenancy induction training for housing association and council tenants. As part of the induction tenants will complete a needs assessment form which will identify training and welfare needs. These forms will then be used to refer tenants to partnership agencies for help and support.

8. Local Welfare Provision

- 8.1. The specific grant that had been made available to local authorities in the short term (following abolition of the 'Discretionary Social Fund Scheme' from April 2013) has in itself now ceased and since April 2015, local authorities have been expected to fund any discretionary welfare provision from the 'Revenue Support Grant'. It was previously agreed that the Local Welfare Provision contract would be extended until the end of March 2016, to ensure that support to vulnerable people continued to be provided. This has been further extended, pending a review of a number of contracts and arrangements under the banner Advocacy, Advice and Guidance.

9. Housing Revenue Account Services

- 9.1. As a stock retained authority the income to HRA is ring fenced and all income generated from rent and service charges is restricted for use to manage this part of the council.
- 9.2. The impact of the welfare reform changes is and will continue to directly impact on a high percentage of our tenants and leaseholders.
- 9.3. Since April 2013, working age tenants who are in receipt of housing benefit and under occupy their home have had their benefit reduced by 14% if they under occupy by 1 room or 25% if they under occupy by two bedrooms. There were 292 tenants initially affected by these changes. As at 6 June 2016, 209 tenants were affected by these changes, which have impacted on the arrears.
- 9.4. Based on the under occupiers we had as at 6 June 2016, we have been exposed to a potential financial loss of approximately £33,169.04 during the current financial year, due to the reduction in housing benefit payments. However, the total arrears balance of those who are under occupying on 4 April 2016 and those under occupying on 6 June 2016 has decreased by £1,478.34.
- 9.5. In terms of Universal Credit, as at 1 July there were 7 tenants in receipt of Universal Credit, 3 of which have an APA (Alternation Payment Arrangement) whereby HRA are paid the housing element directly because the tenants are vulnerable.
- 9.6. Staff continue to undertake publicity campaigns and "roadshows". Attendance by tenants at these has been low at recent events, despite publicity. This is felt to be because the forthcoming changes are not yet felt by residents and experience has shown that tenants, despite a proactive approach by officers, only seek advice once the impact of changes are felt.
- 9.7. With effect from April 2016 (Medway Council and all social landlords were required to reduce their rents by 1%). This reduction was reflected in the new rent charges for the current financial year. This will have a detrimental effect on the HRA business plan, as when revised in December 2014 this was based on an assumption of a 3% increase in rental income year on year. The new directive above means, in essence, a 4% reduction to rental income each year for the next 4 years and a reduction of income of approximately £5.7M.

- 9.8. The Council is required to ensure that the HRA balance remains in credit. Therefore, services and income will be regularly reviewed to ensure services are delivered in the most efficient way whilst ensuring that the business plan can be sustained. The annual review of the HRA Business Plan is on hold pending additional financial information awaited from Central Government in terms of legislative financial changes set out in the Housing and Planning Bill. This relates to the higher value asset subsidy figure and whilst not directly related to welfare reform, may further add to the pressures of the HRA business plan and the current operating models of the service. The information was expected to have been received by June 2016 but could now be as late as Christmas 2016. On receipt of this the HRA business plan will be fully revised and a report on the impact of the higher value asset subsidy figure prepared for Members.
- 9.9. As of April 2017, the Government proposes to introduce a new scheme called “Pay to Stay” whereby tenants outside London earning more than £31,000 per annum will be required to pay market rent as opposed to Social Housing Rent. A publicity campaign focused on those residents currently not in receipt of any Housing Benefit will commence September 2016, to raise awareness of this and to ensure appropriate support is in place in relation to money and debt advice. Two thirds of the council’s own tenants are currently on some form of housing benefit, it is therefore considered that those that are not on any form of housing benefit may be impacted by this.
- 9.10. A taper of 15% will be built in to ensure that rents rises are affordable and do not create a disincentive to work. This will mean that for every additional pound of income above the starting income thresholds, a household will pay an extra 15 pence in rent.
- 9.11. The Government has committed to reviewing and uprating these thresholds annually to protect work incentives.
- 9.12. The definition of “income” for the purposes of the policy will be “taxable income”. This will ensure that any payments a household receives from Tax Credits, Child Benefit, Disability Living Allowance and Personal Independence Payments will not count towards establishing the income thresholds. This will provide further protection for those households who need it.
- 9.13. This is likely to cause additional administration for officers on the frontline to manage. Local authorities will be able to retain reasonable administrative costs in operating the policy, but local authorities are awaiting more detailed guidance from Central Government.

10. Risk Management

Risk	Description	Action to avoid or mitigate risk	Risk rating
CTRS claims fall short of estimate	Claimants may have reduced benefits 'unnecessarily'.	Use of data modelling tools and data analysis	Likelihood D (Low) Impact 3 (Marginal)
Higher than estimated cost of CTRS	Cost of scheme exceeds budgeted amount	Use of data modelling tools and data analysis	Likelihood D (Low) Impact 2 (Critical)
Effect of CTRS on Council Tax collection	Increasing payment requirement on low income council tax payers could lead to an increase in arrears.	Quick and efficient recovery processes	Likelihood B (High) Impact 2 (Critical)
Arrears increase			
Rent reduction over next four years leads to loss of projected income.	HRA Business Plan not sustainable	Undertake full review of HRA Business Plan Continue to review operating model for the HRA	Likelihood B (high) Impact 2 (Critical)
Increase in arrears and/or 'right to buy' applications	Pay to stay rent charging means higher rent for tenants with taxable income of more than £31,000 per annum	Publicity campaign to advise affected tenants and the continued robust management of rent arrears	Likelihood C (Medium) Impact 3 (Marginal)

11. Financial and legal implications

11.1. The council has a legal duty to ensure the HRA business plan does not fall into deficit.

12. Recommendations

12.1. The Committee is recommended to note the revised action plan at Appendix 1 and note the progress made to date.

Appendices:

Appendix 1 – Revised Action Plan

Background papers:

Cabinet Report – Welfare Reform Task Group

<https://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=24708>

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Corporate Welfare Reform Group Action Plan 2016

Generated on: 12 August 2016




Action Status	
	Cancelled
	Overdue; Neglected
	Unassigned; Check Progress
	Not Started; In Progress; Assigned
	Completed


Ref	Action	Deadline	Progress	Status	Ownership Assigned To	Latest Note
CWRG16/17	Corporate Welfare Reform Group Acton Plan 2016/17	31-Mar-2017	<input type="text" value="37%"/>			




Ref	Action	Deadline	Progress	Status	Ownership Assigned To	Latest Note
CWRG16_1	Vulnerable Adults	31-Mar-2017	<input type="text" value="30%"/>			

Ref	Action	Deadline	Progress	Status	Ownership Assigned To	Latest Note
CWRG16_1.1	Identify vulnerable adults in Medway that will be affected by welfare reforms	31-Mar-2017	<input type="text" value="50%"/>		Jackie Brown	19-Jul-2016 Groups identified. Also seeking support of MVA to identify those community groups likely to be in touch with vulnerable clients we are unaware of.
CWRG16_1.2	Identify the services and support required by vulnerable adults to prevent them re presenting with eligibility for	31-Mar-2017	<input type="text" value="30%"/>		Jackie Brown	19-Jul-2016 Some services identified. Seek support of MVA to identify other support services in community


Appendix 1


Ref	Action	Deadline	Progress	Status	Ownership Assigned To	Latest Note
	statutory services.					
CWRG16_1.3	Take forward any actions identified in the Welfare Reform Diversity Impact Assessment	31-Mar-2017	<div style="width: 10%;"><div style="background-color: #4F81BD; width: 10%;"></div></div> 10%		Jon Poulson	11-Aug-2016 There are various organisations who can undertake a detailed diagnostic of the impact of the welfare reforms on households in receipt of benefit. The Welfare Reform Working Group has started to consider options and the costs versus benefits of commissioning this work.




Ref	Action	Deadline	Progress	Status	Ownership Assigned To	Latest Note
CWRG16_2	Debt Advice/Support for claimants	31-Mar-2017	<div style="width: 48%;"><div style="background-color: #4F81BD; width: 48%;"></div></div> 48%			

Ref	Action	Deadline	Progress	Status	Ownership Assigned To	Latest Note
CWRG16_2.1	Develop community hubs and consider the potential for privacy for claimants at Council access points	31-Aug-2016	<div style="width: 75%;"><div style="background-color: #4F81BD; width: 75%;"></div></div> 75%		Martin Garlick	12-Aug-2016 The new Twydall Community Hub opened on 18 July, on time and on budget. In addition to an improved library offer this refurbished facility offers an enhanced gateway to council services, more public access computers and a new housing advice surgery. Through the extended network of free to use computers now offered by the Community Hubs, and with local staff trained to help people get on line, the library service is further a key player in assisting people to become digitally active and confident.
CWRG16_2.2	Assist in the development of an assisted digital offer	31-Dec-2016	<div style="width: 0%;"><div style="background-color: #4F81BD; width: 0%;"></div></div> 0%		Martin Garlick; Caroline Walters	12-Aug-2016 See CWRG_2.1
CWRG16_2.3	Develop the role of digital ambassadors (led by partners and the wider community).	31-Dec-2016	<div style="width: 20%;"><div style="background-color: #4F81BD; width: 20%;"></div></div> 20%		Caroline Walters	12-Aug-2016 The HRA housing service has installed wifi access to all its sheltered housing schemes and completed a pilot project of wifi installation at one of its key housing estates. On completion of the pilot a number of residents have identified themselves as potential digi champions and Officers are now working with them to provide support to other residents. Officers are also working with Barclays Bank whose agenda is to support members of the community in digital transformation and encourage people to then

Appendix 1

Ref	Action	Deadline	Progress	Status	Ownership Assigned To	Latest Note
						share their skills and knowledge by creating community groups and becoming digital eagles to fly the nest and share their knowledge in their families and community utilising their online resources and training.
CWRG16_2.4	Develop a corporate strategy for debt and money advice provision.	31-Mar-2017	<div style="width: 100%;"><div style="width: 100%; background-color: #4F81BD; color: white;">100%</div></div>		Helen Jones; Jon Poulson	11-Aug-2016 This workstream has been combined with the review of advocacy, advice and support services being undertaken by Adult Social Care

Ref	Action	Deadline	Progress	Status	Ownership Assigned To	Latest Note
CWRG16_3	Communication	31-Mar-2017	<div style="width: 33%;"><div style="width: 33%; background-color: #4F81BD; color: white;">33%</div></div>			

Ref	Action	Deadline	Progress	Status	Ownership Assigned To	Latest Note
CWRG16_3.1	Design and roll out a stakeholder questionnaire for partner agencies	31-Aug-2016	<div style="width: 50%;"><div style="width: 50%; background-color: #4F81BD; color: white;">50%</div></div>		Marc Blowers	11-Aug-2016 Questionnaire produced sent out in July to 30 partner organisations and at the time of writing we have had eight responses.
CWRG16_3.2	Create a repository of information for partners to share and review and redesign the website to incorporate this information.	31-Mar-2017	<div style="width: 0%;"><div style="width: 0%; background-color: #4F81BD; color: white;">0%</div></div>		Caroline Walters	11-Aug-2016 Webpage updates scheduled for September
CWRG16_3.3	Co-Ordinate reporting to Business Support Overview and Scrutiny	31-Aug-2016	<div style="width: 50%;"><div style="width: 50%; background-color: #4F81BD; color: white;">50%</div></div>		Phil Watts	11-Aug-2016 The various workstream leads provide regular feedback to the Welfare Reform Steering Group, which ultimately informs the six monthly O&S reports.