

Norwich City Council
SCRUTINY COMMITTEE

Item 6

REPORT for meeting to be held on 24 October 2013

Welfare reform

Purpose	To look at how the council may work with other bodies in addressing fairness and inequality issues in Norwich
Conclusion	Norwich City Council has worked both independently and in conjunction with other agencies to better understand the impacts of welfare reform locally and make best use of limited resources to mitigate some of the effects. However the scale of change is such that it is impossible to make significant improvements for local residents.
Recommendations	The scrutiny committee's comments are sought on the impact of welfare reform and how the council may work differently with other bodies in addressing fairness and equality issues in Norwich
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1 Introduction

- 1.1 For a period of at least 18 months significant and wide ranging changes to the various parts of the welfare benefit system have been changed and will continue to change into the future. These have primarily affected those of working age
- 1.2 These changes have included child benefit, housing benefit across tenures, below inflation increases in benefit rates, council tax benefits, the introduction of the benefit cap and, longer term, the planned introduction of Universal Credit.
- 1.3 One academic estimate (Dr Chris Edwards, Senior Research Associate at the University of East Anglia – [summary available here](#)) suggests that in 2014 / 15 the loss of household income to those affected by changes in Norwich could amount to £35M. To put this in context the General Fund budget requirement for 2013/14 presented to Council on 19 February 2013 was for approximately £20M

2 Key changes

- 2.1 Some key changes have included:
 - a) Changes to housing benefit for private sector tenants, including “single room rents” for those under 35
 - b) Under occupation housing benefit changes to council and RSL tenants
 1. c) 1% increase for most working age benefits
 - d) Introduction of Personal Independence Payments (PIP) to replace Disability Living Allowance (DLA)
 - e) Total benefit cap to reduce the overall value of benefits paid to “median employed income” levels
 2. f) Reduction in child benefit for higher earning households
- 2.2 Tighter sanctions for Job Seekers’ Allowance (JSA) have been introduced. So far no data have been produced to show the impact of this locally

- 2.3 Universal Credit (UC) has not yet been implemented in Norwich and there is currently no firm date for this to happen. Nationally implementation is being rolled out piecemeal by individual DWP districts / claimant type with the target of full implementation by 2017.
- 2.4 Increase in Discretionary Housing Payments (DHP) to £288,000; 2013/14

3 Impacts on households

- 3.1 Below the headline of a potential annual loss of £35M across a number of households it is difficult to measure the exact impacts on residents. However we do know that some people will likely be impacted by a number of these changes simultaneously
- 3.2 Some information we do know is:
 - a) Approximately 2,400 council tenants subject to the under occupying by one room. Average loss of benefit is about £11 per week.
 - b) Of all those council tenants affected it is estimated that by August approximately 650 were in arrears who were not previously. However large numbers were still free of rent arrears.
 - c) Approximately 65 households were subject to the total benefit cap over summer with weekly benefit losses ranging from under £1 up to in some cases over £100
- 3.3 Current indications suggest that the overall national budget for DLA / PIP will fall by maybe as much as 20%. However we do not know how this will translate into reductions in claims or the levels of award locally. Locally there were about 7,600 DLA claimants in 2012. Some will be exempt from change due to age limits. The transition between benefits will take a number of years

4 Impacts on services

- 4.1 Whilst housing rent arrears are performing well as a percentage of the total rent to be collected, arrears in cash terms are increasing. Initial estimates put the potential loss of benefit at £1.3M in the first year. The number of more serious arrears cases is slowly rising
- 4.2 So far collection of council tax remains broadly similar to last year. However with the transition from Council Tax Benefit to Council Tax Reduction Schemes and the loss of 10% of the budget, retention of the previous system to protect those on low or no incomes has reduced

income to the City Council as well as the County Council and Office of the Police and Crime Commissioner.

- 4.3 Since January 2013 there has been a slow but steady rise in the number of applications to join the choice based lettings scheme. Applications have increased further since April to levels not seen since the previous sub-regional scheme was in place. At this stage it is not known if this will continue and from which groups of people these are primarily coming
- 4.4 Generally the number of homeless decisions and those accepted as homeless continues a downward trend, with actions designed to prevent homelessness still appearing to keep any predicted rises in check. However the number of successful interventions has slowed slightly (but is still above target).
- 4.5 The number of people receiving support from the Food Bank is rising with consistently 3 in 10 people supported being a child. At first glance, as well as a general rise, individual peaks would appear to match school holiday times when access to free school meals will have stopped. However longer term trends may be required to confirm or deny this
- 4.6 Applications for DHP spiked in April and have since fallen to about 100 per month. This is still much higher than in previous years. Despite a large increase in the amount of DHP given to us to award, it still amounts to approximately 2 ½ months of the estimated total lost through changes to housing benefit for council tenants alone. More data on DHP is shown at Appendix 1 as requested at Scrutiny on 26 September 2013
- 4.7 Generally the feeling is that in many cases households continue to cope at present (albeit with great difficulty) with what are in some instances, relatively new changes. However it is possible that as the loss of household income continues longer term and, in some cases, the cumulative effects of having children at home over summer, the Christmas period and winter fuel bills then more and more households will struggle

5 Impacts on equality and fairness

- 5.1 Almost by definition most of these changes will fall disproportionately upon households with low or no incomes. In terms therefore of income equality these changes are likely over time to widen income gaps within the city
- 5.2 Changes to child benefit are perhaps more likely to impact women as it is felt that women are more usually the direct recipients of child benefit.
- 5.3 Single younger people (25 to 35) in the private rented sector saw their

maximum housing benefit reduced from what was payable for a one bedroom property to a shared room level. Private sector tenants had already seen the maximum payable more generally reduced to prevent perceived under occupation.

- 5.4 With some exceptions where, for example, households have couples with one partner above and one below pensionable age, these changes have been directed at those of working age. Consequently there may be a widening of the gap between low income working age households and older households, especially where those younger households may be in work and subject to low or zero pay increases and below inflation benefit increases or even a total loss of benefits
- 5.5 The move from DLA to PIP is designed to save large amounts of money nationally. In some cases recipients of PIP may be better off than under DLA. However in some cases entitlement may be lost completely, representing a substantial loss of income for some disabled residents
- 5.6 In Norwich the total benefit cap was most likely to affect larger households rather than simply those living in more expensive private rented properties (as may perhaps have been the case in London for example)

6 Council actions

- 6.1 It is important to remember that given the scale of the changes no one agency or even group of agencies can replace the money being lost across the city. There is also a limit as to how much advice can generate in additional benefits where those benefits have been removed at a national level
- 6.2 A large number of actions have been taken both unilaterally and in conjunction with other bodies over the last 12 months in particular. Whilst some limited and short term additional resources have been recruited to support council tenants and rent income teams (supported from the Housing Revenue Account), the vast majority of the work has been undertaken using existing resources (diverted from other work) from across a range of teams including Housing, Local Neighbourhood Services, City Development and Policy, Performance and Partnerships as well as work from LGSS in supporting the DHP and council tax reduction process.
- 6.3 Specifically within the council we have, for example:
 - Briefed councillors and senior staff on possible implications and timetables

- Rewritten the DHP policy and amended the decision making process to involve housing options staff
- Contacted all council tenants affected by the under occupation changes in advance of the changes taking place. Over 1,200 questionnaires were completed which are providing data which are informing income strategies.
- Attempted to contact all those affected by the total benefit cap in advance of the changes, regardless of tenure. In some instances we were told by residents that this was before they heard anything from the Department of Work and Pensions
- Additional staff resources in Housing have been engaged to tackle low level rent arrears and offer budget advice.
- Revised allocation procedures to avoid new tenants moving into under occupied properties and in some cases relaxed rules on moving with rent arrears to enable tenants to down size
- Implemented a new council tax reduction scheme which delivered the same level of reduction in bills to those previously supported under the national scheme
- Produced publicity and information on claiming unclaimed benefits and in particular working tax credits often unclaimed by households without children (the same leaflet also highlighted unclaimed pension credits)
- As part of broader channel shift work started work on trying to map community ICT facilities to support residents to manage their benefits online
- Become a Living Wage council to promote improved wages and a subsequent reliance upon state benefits to augment wages
- Worked with specific groups to raise awareness, including Bridge Plus, Deaf Connexions and Opening Doors

The council working with other agencies has for example:

- Worked with other registered providers to support tenancy swaps / exchanges for those affected by benefit changes
- Consulted with voluntary and statutory bodies on the revised DHP policy (and were told that we were the only council some agencies knew of in the region to do this)

- Presented information to the Norwich Locality Board to spread awareness of some of the possible implications and share information with agencies such as the police, probation and health
- Worked with the Norfolk Safeguarding Children's Board to specifically consider impacts on vulnerable children and helped facilitate discussions on, for example, potential use of the pupil premium to support affected families through schools
- Worked with different voluntary agencies and registered providers to prevent homelessness and offer housing options to people in housing need.
- Run a number of council tenant and cross tenure drop in sessions with a range of agencies in attendance to offer support and guidance
- Working with DWP / Job Centre Plus to consider how to support vulnerable people in the lead up to Universal Credit (whenever that happens) through a "local support services framework"
- Continued our work to reduce fuel poverty in the City working with agencies from a number of sectors through activities such as Switch and Save.
- Supported a bid by Voluntary Norfolk and Age UK for limited short term funds to recruit volunteers to target energy saving and fuel bill reduction work amongst vulnerable groups (a decision on this bid is due mid-October)
- Worked with the library in The Forum to begin to understand the need for public internet access as benefit applications move toward "digital by default", particularly with UC
- Carried out joint welfare advice sessions with Equal Lives, who now also have a weekly drop in session within the Customer Contact Centre (not specifically on welfare reform, but able to pick up for example PIP / DLA appeals)
- Benchmarking with other social landlords to gauge success of income collection strategies
- Continued our financial inclusion programme working with different agencies from the voluntary and community sector on a number of activities such as the provision of debt and money advice.

7 Future work

- 7.1 Work continues to both share information with other agencies and staff and to track changes and possible impacts on the residents of Norwich. For example there may be changes to the level of the total benefit cap or understanding how the move toward PIP is progressing using partner feedback
- 7.2 A project management approach will be undertaken to oversee the implementation of Universal Credit. However with no firm implementation date and with national pilots still being undertaken this has not yet reached the stage where definite plans have been written. This will happen once we are clearer about the timing and scope of nay local implementation

Appendix 1 – DHP data

- Since March 2013 DHP applications have run at about 100 per month
- April 2013 saw a significant spike at around 200
- Average decision times have dropped over the period but in the last month were still running at about 41 days compared to a 14 day target. However some claims require further information or clarification to enable a decision to be made
- At the end of September approximately 50% of the annual budget had been committed for the financial year