

**Final Report and Recommendations**

**In depth scrutiny project**

**2013/14**

## ***Impact of Welfare Changes***



**April 2014**



## Foreword

The Policy & Resources Scrutiny Committee agreed that this in depth scrutiny project for 2013/14 would be to examine the impact of the Welfare Reform Act on residents, the charitable and voluntary sector and public services.

The welfare reform programme is the biggest change to welfare benefits in 60 years. The Government's intention is to reduce the cost of welfare and make work pay. Some households will be affected by more than one change and have potentially experienced significant reductions in their incomes. Changes to Housing Benefit will mean some households will have to find additional contributions to their rent or move to smaller accommodation.

Despite the national economy being statistically out of recession and unemployment reducing, there are big challenges facing Southend on Sea's residents, with low paid employment opportunities and a lack of affordable housing.

With fewer resources and greater demands, it is essential that we understand the impacts of welfare reform in Southend and work together to minimise those impacts and support people into work.

Consequently this project is vital in understanding how effective, efficient and genuine partnerships can be maintained, developed and used for the benefit of Southend on Sea.

I was delighted to be appointed Chair of this project and my thanks go to all those who have been involved with the project, those who took the time to attend meetings – particularly the witnesses called to share their experience, expertise and insight into this important issue.

**Councillor Ian Gilbert**  
**Chair, Project Team**

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# 1. Objectives and Recommendations

## Issues to be addressed:

The Policy & Resources Scrutiny Committee undertook an in depth study into the impact of welfare changes. The cross party project team heard from a number of key partners who reflected on the issues and shared their thoughts on the impact on residents in the Borough, the Council, with a view to recommending ways of mitigating its adverse affects.

## Our Objectives:

- Members sought to gain an understanding of the legislative changes brought about by the implementation of the welfare reform act, including the financial impact on the local authority, residents and our partners.
- To consider the impact on Council Tax collection and understand any particular household types struggling to pay the new charge. Then use this information to review the Local Council Tax Support Scheme to identify any need for recommendations to Council for changes.
- To consider the impact of changes in housing benefit for tenants in the social sector and understand the affect, if any, these have had on rent arrears.
- To understand the range of targeted funding and financial assistance available and review current policies regarding these. To ensure that all such funds are used effectively to reduce the risk of hardship and homelessness.
- To understand the timeline for the implementation of universal credit and the authorities role in delivery. Explore the partnership working arrangements with Southend's job centre plus.

## Our Recommendations

The following recommendations relate to the agreed project plan and the proposed outcomes of the project. They are made to enhance and further develop a partnership approach in Southend-on-Sea in order to both mitigate the impacts of the overall welfare reform programme and provide localised support for people seeking work.

The desired outcomes aim to consolidate existing support and ensure that any cross departmental/organisational duplication is eliminated.

It should be noted that approval of any recommendations with budget implications will require consideration as part of future years' budget processes prior to implementation.

Cabinet is recommended to agree the following:

1. Produce a flow chart, mapping all current financial support given by the Local Authority, to identify any opportunities to merge financial assessments from the mapping exercise.

2. Work with the Job Centre Plus Network Group to identify gaps in local support for jobseekers and map the various training opportunities within the charitable and voluntary sectors to increase take up and positive resulting outcomes (synergy / efficiencies).
3. Deliver support to charitable and voluntary sector workers to enable them to assist residents in meeting JobCentre Plus (JCP) Conditionality Requirements.
4. Increasing awareness of SBC staff (e.g. benefits staff, contact centre staff) on where people can go for help if they have benefit sanctions etc.
5. Assess the effectiveness of the support provided by the Essential Living Fund team; consider funding arrangements to identify potential future savings delivered through the scheme.<sup>1</sup>
6. To work with SEPT and others to ensure that identified links between housing, mental health, substance abuse and poverty are addressed together rather than in isolation, ensuring there are sufficient resources and capacity to deal with the issues.
7. Explore with Health Commissioners and SEPT to identify potential joint preventative initiatives across different groups.
8. Explore the barriers to information sharing & communication between agencies to enhance support.

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<sup>1</sup> Note - the funding will be part of the Revenue Support Grant from 2015/16.

## 2. Background of the Report

The Welfare Reform Bill was passed by the House of Lords on 27 February 2012. The Bill aims to save £18 billion from the annual welfare bill and overhauls most of the benefit system.

Key measures include:

- the introduction<sup>2</sup> of a 'universal credit' to replace most existing benefits;
- a £26,000 cap on benefits, a measure based on the principle that a family out of work on benefits should not be paid more than the average family in work; the cap will affect an estimated 100,000 children, with 55 per cent of families affected losing more than £50 per week;
- an 'under occupancy' penalty which would see families in social housing lose some of their benefits if they live in houses with spare rooms: estimated to affect 670,000 households who will lose an average of £670 a year;
- restricting the payment of contribution based employment support allowance to one year for new and existing claimants. The means tested element of employment support allowance does not have this restriction;
- replacing Disability Living Allowance for people of working age with a new benefit, Personal Independence Payment, from 2013;
- abolishing the discretionary social fund, with some of the finance transferred to local authorities, who will be entitled, but not obliged, to run a similar local scheme.

The majority of these changes have now been implemented and although some of the impacts have been mitigated with the use of discretionary financial assistance, the authority needs a detailed understanding of the effects of the reform in Southend and review the application of available resources to minimise hardship and homelessness.

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<sup>2</sup> Note – the introduction of the universal credit is 'possible'

### 3. Process

The Project Team met on 4 occasions and considered a wealth of evidence and undertook two specific witness sessions in addition to receiving written evidence<sup>3</sup>. The project team decided that the most effective way to gather current, qualitative evidence was by of witness evidence from key people:

- Gary Turner, Service Operations Manager (HARP)
- John Williams, Storehouse
- Rev'd Andrew Goodliff, Southchurch Food Bank
- Jacqui Lansley, Head of Procurement, Commissioning and Strategic Housing, Southend-on-Sea Borough Council
- Mike Gatrell and Simon Putt, South Essex Homes
- Martin Ransom, South East Alliance of Landlords (SEAL)
- Ian Ambrose, Group Manager, Accountancy, Southend-on-Sea Borough Council
- Nic Taylor-Barbieri Community Drug and Alcohol Service, (Vocational Services Lead), SEPT (the mental health trust)
- Written response from Kelly Clarke, Community Relations Advisor, Southend-on-Sea Borough Council
- Contribution from a member of the public on her experience

The project team had hoped to meet with the Department for Work and Pensions (DWP) to ask questions and discuss the draft recommendations. Regrettably the DWP felt unable to take part in a formal session.

The Committee was supported in this work by a dedicated, cross party, project team, comprising:

- Councillor Ian Gilbert (Chairman)
- Councillor Graham Longley (Vice Chairman), Councillor Brian Ayling, Louise Burdett, Trevor Byford, Fay Evans, Barry Godwin, Stephen Habermel and Ian Robertson
- Officer / partner support was provided by Veronica Dewsbury, Chris Lynch and Fiona Abbott

Project team members considered evidence in order to better understand the statistical representation of the current situation. This information provided the context to the witness sessions but also stimulated questions to be asked of the witnesses.

The agreed project plan and a full list of the questions asked of the witnesses can be found in the Appendices.

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<sup>3</sup> The notes taken at the sessions are available separately.



## 4. Findings

The responses from witnesses were wide ranging and reflected different perspectives depending on their sector, background and experience. However there were a number of recurring themes explored by witnesses and felt to be of particular importance to the project:

### a) Financial assistance

Within the Council there exists a number of separate financial assistance schemes. These are currently spread across the 3 directorates and therefore it is not immediately clear how much assistance any household is in receipt of. Also, due to this spread, staff will not always direct a resident to additional assistance they may be entitled to.

Again with various discretionary schemes and emergency funds spread across the organisation there could be duplication or a risk that help is given through Council resources rather than a Government funded scheme.

Assessments for assistance are currently done separately by the team administering the fund the application is for. There could be scope to reduce the level of administration by merging the application process and the decision maker deciding which fund is appropriate. Although it is noted that the different schemes have different qualifying criteria.

### b) Job Centre Plus

It was clear from witnesses and the evidence gathered that job centre plus processes do not take account of local conditions or opportunities. As the job centre is a national organisation its processes are therefore built to cover the whole country.

Locally we have a number of charitable and voluntary organisations that offer training and work experience opportunities to residents following a period of unemployment. Often these residents are recovering from substance misuse or mental health illnesses and have little or nothing to put on a curriculum vitae.

At present the job centre does not recognise many of these schemes and therefore if a resident signs up for training or work experience they are deemed not available for work and their job seekers allowance is stopped.

The job centre does offer training and support to job seekers but they are not geared toward supporting people with the above issues as again it is a national scheme designed for all.

The job centre does have the discretion to allow training and work experience outside of their own but currently the application of this is unclear.

### **c) Sanctions**

Witnesses from HARP and Storehouse reported a significant increase in the number of their clients being sanctioned by Job Centre Plus. A job seeker is sanctioned if they fail to meet the conditionality requirements attached to their benefit.

Both witnesses felt that the conditionality was unclear for their clients and that job centre staff applied sanctions inappropriately.

It is essential that residents and all those in support roles fully understand the requirements.

### **d) Staff awareness**

As a result of the evidence and witness information it was clear that not all staff were aware of all the assistance available to residents who have had their benefits sanctioned.

There are various support options available including food banks in addition to storehouse. Staff awareness sessions following the mapping exercise discussed above will lead to better assistance and signposting.

### **e) Essential Living Fund**

The essential fund is a government funded scheme which was passed to local authorities following the abolition of the DWP social fund scheme. Authorities were given the funding to establish a scheme to support people in crisis or give assistance to resettle in the community.

Southend designed a non cash grant based scheme in partnership with organisations in the charitable and voluntary sector. Applicants are awarded second hand furniture items, new white goods, food vouchers or food parcels and pre paid cards for fuel and sundry items.

Despite helping over 1,300 households the fund is significantly underspent for this year. Although the fund is not ring fenced and could be used for other purposes the Government have already stated that next year any underspend will be taken back.

As this money is intended to relieve hardship and assist people to re-establish themselves in the community it is essential that any existing need is not overlooked.

The current scheme and the community needs must be reviewed to ensure that all appropriate gaps are catered for. We need to be clear that the intervention assistance delivered through this fund prevents further costs to the council. By assisting someone back into the community we reduce the cost of supporting housing. By helping a family in short term crises we prevent family breakdowns.

More work needs to be done to demonstrate the value of these preventions both in financial and community engagement terms.

**f) Homelessness**

A number of the witness statements confirmed a direct link between mental health and substance abuse to poverty and eviction.

Whilst a great deal of good work is done by both the Council and SEPT it is clear from the witness evidence that more can be done improve partnership working between the two organisations.

The Council and SEPT need to work together to identify joint working initiatives to maximise resources and reduce duplication of effort.



## 5. Appendices

### 5.1 Project Plan

#### **POLICY & RESOURCES SCRUTINY COMMITTEE - IMPACT OF WELFARE CHANGES**

##### **FRAMEWORK FOR SCRUTINY:**

###### **Issues to be addressed:**

To examine the implications of Welfare Reform changes and the impact it will have on local residents and the Council, with a view to recommending ways of mitigating its adverse affects.

###### **Objectives:**

- ✚ To gain an understanding of the legislative changes, including the financial impact on the local authority, residents and our partners
- ✚ To consider the impact on council tax collection (collection rate)
- ✚ To review the local council tax support scheme
- ✚ To consider impact of changes in housing benefit (Universal Credit)
- ✚ To look at the use of targeted funding available and financial assistance which can be offered in its totality (e.g. Discretionary Housing Fund, which the LA can top up)

###### **Constraints** (and what is not to be included generally in the scope of this review):

- DWP & sharing personal data of those affected by the abolition of Disability Allowance
- Any change to the Council Tax scheme would need due consultation.

**Method:** gathered through project team meetings and witness sessions

**Target date:** May 2014

###### **MEMBERSHIP:**

Councillors Gilbert (Chair), Ayling, Burdett, Byford, Evans, Godwin, Habermel, Longley (Vice Chair) and Robertson.

**Officer / partner support** –Veronica Dewsbury, Christine Lynch, Lynn Hyam, Keith Harding and Fiona Abbott, project coordinator.

###### **SOURCES OF EVIDENCE**

- National guidance
- SBC policy / strategy and guidance
- Management information
- Information from partners
- Third sector information
- Primary & secondary implications of Welfare Reform

###### **POTENTIAL WITNESSES:**

- Community Housing (SBC)

<ul style="list-style-type: none"> <li>• Voluntary &amp; Community Sector Relationship Manager (SBC)</li> <li>• HARP</li> <li>• Storehouse</li> <li>• Rep from the Trussell Trust backed food bank (e.g. in Southchurch)</li> <li>• Rep from South Essex Homes and possibly other social landlords</li> <li>• Department for Work &amp; Pensions / JobCentre Plus</li> </ul>
<p><b>STAGES OF THE PROJECT:</b></p> <p>3 stage process:</p> <p>(a) evidence from witnesses (reality check)</p> <p>(b) review how the Discretionary Housing Fund / Local Council Tax Support Scheme / Social Fund is working</p> <p>(c) partnership with 3<sup>rd</sup> sector (anything more can do)</p>
<p><i>Scrutiny process to add value and is supportive of challenges already set to be delivered have limited resources which need to be focused on providing the front line service and the priority outcomes for the Council.</i></p>
<p><b>RECOMMENDATIONS:</b></p> <p>To make appropriate recommendations to the Council which pull together information on financial assistance offered, to enable the LA to make better informed recommendations on support for families.</p>

## 5.2 Questions Asked of Witnesses

### HARP, Storehouse, Southchurch Food Bank

1. Could you provide us with some information on the numbers you are seeing, who are seeking your support and where is the biggest demand?
2. What is the age range of the people you are seeing and is one age range more prominent than any other?
3. What elements of support are you offering, and where is the biggest demand (food parcels, training, housing etc)?
4. What changes are you seeing over time?
5. What do you see as the barriers to Southend residents in getting back to work?
6. In the current economic climate, what more do you think can the Council do to assist people at this time?
7. How are agencies working together to ensure that the cumulative effect of future service changes and further welfare reforms are mitigated as well as possible?

### Community Relations Advisor

1. How are agencies working together to ensure that the cumulative effect of future service changes and further welfare reforms are mitigated as well as possible?
2. Can you provide details of the Community Commissioning Programme and its impact (successes, challenges, partnership working, sourcing external funding etc)?

3. What would your reaction be to the idea that there be a linking up of all groups (an overarching 'Trust' type organisation) to help and prevent doubling up of data and operations so as to allow more chance to deal with other cases more efficiently.

### **Finance, Community Housing**

1. What has been the impact of the Council Tax Support Scheme?
2. What has been the impact of the changes in Housing Benefit?
3. How have other welfare changes introduced during the past year impacted on Council services? What mitigation measures have been put in place? How effective have they been?
4. How is the Council monitoring any impact from welfare changes?
5. What have been the financial implications to Council on the budget?
6. How are agencies working together to ensure that the cumulative effect of future service changes and further welfare reforms are mitigated as well as possible?

### **SEH, SEAL**

1. What has been the impact of the recent welfare reforms on your service?
2. What additional resources have you made available to your clients / tenants?
3. How are agencies working together to ensure that the cumulative effect of future service changes and further welfare reforms are mitigated as well as possible?

### **Community mental health**

1. What has been the impact of the recent welfare reforms on your service?
2. What changes are you seeing over time?
3. How are agencies working together to ensure that the cumulative effect of future service changes and further welfare reforms are mitigated as well as possible?

### **Questions formulated for DWP**

1. What has been the impact of the recent welfare reforms on your service?
2. What changes are you seeing over time?
3. Could you outline how the changes have changed the way the DWP works as an organisation / what has been the impact of the changes?
4. How are agencies working together – both nationally and locally - to ensure that the cumulative effect of future service changes and further welfare reforms are mitigated as well as possible?
5. At an earlier witness sessions, one of the presenters raised the issue of getting recognition for training courses – how does the DWP judge the suitability of training?
6. We would welcome your views on the draft recommendations from the scrutiny project.
7. The Job Centre relies upon claimants using Internet access for job seeking but there are many with no Computer knowledge. What does the DWP do for those with little or no computer literacy?

## 6. Contact Details

For further information about this report please contact:

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