

Agenda Item No: 5

Report to: Resources Overview and Scrutiny Committee

Date of Meeting: 12 June 2014

Report Title: Final report of the Scrutiny review of changes to the welfare system

Report By: Andrew Palmer
Head of Housing and Development

Purpose of Report

The purpose of the Review was to evaluate the effects of changes to the Government Welfare System on vulnerable local residents so as to help inform the Councils Anti-Poverty Strategy Action Plan for the Borough.

Recommendation(s)

The key recommendations from the review are set out under a separate heading at the end of the report. The Overview and Scrutiny committee are asked to consider the report and the recommendations in paragraphs 54 to 64 with a view to it being submitted to Cabinet for an executive management response.

Reasons for Recommendations

The review group fully support efforts to minimise the financial impact of the welfare benefit changes on vulnerable residents as set out in the Hastings Anti Poverty Strategy. The key recommendations in the report are intended to further strengthen this work and draw attention to particular issues identified by Councillors and key stakeholders locally.

Terms of Reference & Methodology

1. The Review group consisted of Cllr Andrew Batsford, Cllr Simon Corello, Cllr Warren Davies (Chair), Cllr Nigel Sinden and Cllr Trevor Webb.
2. The review group were supported by Andrew Palmer, Head of Housing & Planning Services, Jean Saxby Revenue and Benefits Manager, Jennie Perkins Housing Needs and Enabling Manager, Mark Horan Senior Corporate and Democratic Services Officer and Michael Courts Corporate and Democratic Services Officer.
3. Members of the Committee, under the chairmanship of Cllr Warren Davies, established at the outset that the review should not duplicate work already being undertaken by the Council but that it should add value by focusing in some detail upon the experiences of those groups and individuals directly effected by the changes
4. In agreeing Terms of Reference for the review, 3 main work strands were identified
 - i) Consideration of the main impact of the changes locally
 - ii) The role of the Council in helping to mitigate the impact of the changes
 - iii) The impact of the reforms on partners agencies.
5. A total of 8 meetings took place between 14th October 2013 and completion of the review in May 2014.
6. Early in the review the group received presentations of the key baseline data and the policy approach of the Council towards mitigation measures from Jennie Perkins and Jean Saxby. Each was followed by an extensive question and answer session.
7. The Head of Housing and Planning Services presented the draft Anti-Poverty Strategy Action Plan to the group prior to its adoption by Cabinet in January 2014.
8. Fact finding visits were planned and members of the group visited the food bank in February 2014
9. Key stakeholders were invited to give evidence to special meeting held at the Town Hall on 19th March 2014. These included representatives from the major social housing landlords AmicusHorizon (Angela Prickett and Suzanne Foreman) and Orbit Housing (Carl Lewis and Craig Atkins). Oakfield Properties one of the larger letting agencies in the town (Neil Newstead), Hastings Advice and Representation Centre (Jacky Everard) and Brighton Housing Trust (Joanna Wilson) were also represented. Kim Goodhall attended from the Department of Works and Pensions. Invitations were also extended to The National Landlords Association who were unable to attend.

10. In the latter stages of the review an invitation to contribute to the review was extended to Marylynn Fyvie-Gauld from Brighton University who could offer academic expertise in social policy and welfare reform.
11. The group agreed that it was necessary to agree a working definition of fairness in order to evaluate the impact of welfare benefit changes on different service users. A 'fairness square' (appendix A) was adopted which sought to measure the impact of the changes in terms of fair outcomes (fair share), fair process (fair play), fair opportunity (fair go) and fair participation (fair say). A Members of the group felt that such an approach was helpful in framing the review and might be more widely adopted within the Council as a means of prioritising the use of limited resources

Scope of the Review

12. At a preliminary meeting held on the 14th Oct 2013 it was noted that the Council was preparing an Anti-Poverty Strategy Action Plan with a view to its adoption by Cabinet in 2014. It was agreed that the work of the review group should not duplicate any work already undertaken in preparing the action plan, but that it should suggest ways in which this might be strengthened and improved.
13. Members of the group were advised that a dedicated member of staff was being recruited to co-ordinate delivery of the action plan amongst partners. The action plan would also be further reviewed in 2014/15 to take account of any emerging issues thrown up by incremental implementation and 'impact lag' associated with the welfare reforms. It was proposed that learning from the scrutiny review could be incorporated into a revised action plan.
14. There was acknowledgement at the outset that the welfare reforms originated from central government and that the ability of the Council and its partners to influence their application was limited. The review group would therefore, necessarily, concentrate on those areas where the Council might influence their application and help mitigate any negative impact more locally.
15. In particular the group were keen to monitor how the changes in welfare benefits were impacting upon individuals and group in particular localities and what additional pressures were being placed upon the Council and its partners in terms of service delivery.
16. The review team were keen to consider the role of the Council in monitoring the impact of the welfare reform, facilitating communication between agencies and the administration of discretionary housing benefit
17. A particular concern was how welfare reforms might impact upon inwards migration to the town and the additional burden this might place upon existing services such as housing, education and healthcare.
18. The review was to build upon the findings and recommendations of the 'Hopkins Review' undertaken in late 2012, many of which had been incorporated within the Council's Anti-Poverty Strategy Action Plan.

19. The review started from the premise that the Council was committed to 'narrowing the gap' and to tackling issues of poverty within the borough. This was made explicit within the Council's corporate plan and targets where monitored by both the Council and the Local Strategic Partnership.

Impact of the changes and current mitigation measures

20. At the 26th November meeting, The Revenue and Benefits Manager and the Housing Needs and Enabling Manager presented the position on the impact of welfare benefit reforms as it was understood at the end of October 2013.
21. Key statistics at the time included an unemployment rate of 10.3% (Nat. Av. 7.8%), a Child poverty rate of 28% (Nat. Av.20%), A JSA claimant rate per job vacancy of 12.1 (Nat Av. 3.1) . It was noted that Hastings had the highest unemployment rates in the South East and that the number of HJSA claimants per vacancy was 4 times the national average. The group were keen to understand better how Job Centre Plus were supporting those looking for work and undertook to consider this matter further at a future meeting.
22. The group were advised that responsibility for council tax support was devolved to local authorities and that the Council had adopted a scheme for 2013/14 and 2014/15 in line with other East Sussex Councils. This was largely based upon the previous council tax benefit scheme. It was noted that any radical changes to the provision of council tax support would likely have significant impact upon council tax collection rates. The group were advised that post 2014/15 it was likely that the scheme would need to be reviewed in line with any reductions to the Councils overall budget.
23. In terms of mitigating the initial effects of the housing benefit reforms, in particular the impact of overall cap on benefit, and the so called 'bedroom tax', £340,000 had been awarded to the Council by government in 2013/14 for use as discretionary housing payments (DHP). The group were later notified that a similar level was being made available to the Council in 2014/15. The group were advised that regular reports were submitted to Councils Directorate and Corporate Management Team meeting and the budget position was being monitored closely.
24. The Revenue and Benefit Manager explained that when allocating funding, account was taken of an individual household's income and expenditure, together with any exceptional circumstances. Roughly half those applying were rejected on the grounds that they had sufficient income. A particular problem identified was the disproportionate impact of the benefit reforms on young people and those in low paid employment who relied on benefit to support their households.
25. In the first half of the year take up had been slower than was anticipated. Concern was expressed that this money was not getting to those who needed it and there was a risk that an under spend might be reclaimed by Central Government. The group were advised that all those directly affected by the benefit reductions had been contacted and visited by the Councils staff. The Council had also been working closely with the main social housing landlords to

identify those in arrears and maximise take up amongst those who might potentially qualify for assistance. Additional funding was being made available in terms of rent deposits for those at risk of losing their current accommodation. The group were subsequently advised that take up significantly increased in the second half of the year and the budget spent in full by year end. Over the full year 1083 DHP applications were received and in 697 cases assistance was granted (64%).

26. The group did express concern about how well the DHP policy was understood by individuals and advocates. This also came up subsequently in discussion with stakeholders, including private sector landlords and advice agencies in the town. Brighton Housing Trust submitted case studies to highlight the issue. There was concern expressed that the existing policy was too vague and therefore lacked transparency. As such there was a risk that potential applicants might be deterred and that interpretation by officers risked being far too subjective when applied. The group recommended that greater effort was made to publicise the policy, particularly in relation to its access through Councils web site which was identified as an issue by several consultees and members of the group. Also, that whilst acknowledging that it was necessary in the first year of the scheme to ensure that there was sufficient flexibility to allow for the budget to be managed effectively, the Council now had a much clearer understanding of the numbers of people directly affected by the changes. It was possible therefore for the Council to adjust its policy and be more explicit in how money was allocated for 2014/15.
27. The group also acknowledged the important role that discretionary payments administered by ESCC played in emergency situations. An element of crisis loan funding previously allocated to the Department of Work & Pensions [DWP] was now administered by the County Council through the DESS scheme. This was used to provide access to a range of goods and services and included money for rent deposits administered by HBC. A problem raised in the stakeholder review was the issue on eligibility. Where peoples benefit had been temporarily suspended for any reason (often in the case of job seekers allowance) access to Discretionary East Sussex Support Scheme [DESSS] was also withdrawn. The DWP advised that they were aware that ESCC were planning to review eligibility but that DHP funding might be considered as an alternative means of support. The review team were advised that financial support for DESSS would no longer be made available by Central Government beyond 2014/15. This was considered extremely regrettable by the group and discussion took place as to how this might be mitigated by the County Council.
28. In terms of the impact of the reforms on other Council services, the primary concern was the risk of people losing their accommodation and applying to HBC for assistance with housing as homeless. The Housing Needs and Enabling Manager advised that homelessness presentations were considerably up on the previous year, but that none were directly attributable to the impact of the benefit changes implemented to date. Homelessness presentations appear to have increased in line with the economic downturn after a long and sustained period of reduction in recent years. Historically acceptances were still quite low and were being held at bay by proactive preventative work, the number of preventions having increased significantly in the last few years. Extensive use of rent

deposits was playing an increasingly important role in preventing homelessness by securing households access to accommodation in the private rented sector.

29. The group were informed that whilst loss of privately rented accommodation, and parents or friends unwilling to accommodate, were still major factors in the number of homeless presentations, the biggest single reason now for homelessness was relationship breakdown. The group felt strongly that money worries and debt could be major factors contributing to this trend.
30. The group noted that many reforms had yet to be implemented and the full social impact of the changes was still to be felt. In particular it was noted that there had been significant delays to the planned implementation of Universal Credit. It was also acknowledged that it was extremely difficult to attribute social outcomes in terms of poverty in Hastings directly to the changes being introduced by the welfare reforms.
31. The group were advised that the Council had been liaising with Sheffield Hallam University who had been commissioned by the Government to undertake a review of the impact of the welfare reform national, including benefit driven migration between areas. The study was informed by data collected by the DWP which was not in the public or academic domain. The group were advised that the leader of HBC along with a number of other coastal local authorities had written to the Minister requesting that the data be retained and updated so that the situation could be monitored over time.
32. The review group also suggested developing further links with the University of Brighton in order to continue to monitor the social impact of the welfare reforms more locally
33. The issue of inward migration of households in poverty into the town came up in a number of discussions, partly stimulated by sporadic press interest in the subject both locally and nationally. The Head of Housing and Planning Services advised that in October 2013, 28 households were known to have been assisted directly by London Councils into accommodation in Hastings. Very limited information was being provided by London Councils and initial assessments of numbers had only been attained through freedom of information requests.
34. Whilst the numbers were relatively modest it only included those households moved under a statutory homelessness duty. Those who found their way to Hastings through other forms of homeless prevention or assistance provided by London boroughs would not be identified. Nor would those who elected to move from one area to another of their own volition in order to avoid the impact of benefit caps or reductions.
35. However, meetings had subsequently been held between a number of coastal authorities experiencing similar issues, Senior Government Officials for the Department of Communities & Local Government [CLG] and DWP, academics, and representatives from London Councils to discuss the impact of reforms on coastal towns. As a result the London Councils had agreed a set of guiding principles for authorities placing households outside their areas. Whilst not preventing Councils from placing outside London they did establish ground rules

for doing so and ensured that as minimum, receiving councils were notified of placements. The group noted over the period of the review that there was no significant escalation in the number of placements being made by London Boroughs, with the numbers remaining constant at around the 30 household mark. The group also noted that further meetings were planned with London Councils to develop a shared understanding of the impact of benefit migration and extend cooperation between authorities in mitigating the impact of such moves. A local joint protocol regarding placements has been agreed across East Sussex through the Chief Executives and Leaders Group and discussions were also taking place with other public sector agencies making placements such as health, adult social care and probation.

36. The group were keen to seek input into the review from other agencies in order to more accurately measure the wider social impact of the welfare reforms. Members of the group undertook to visit the Food Bank and Atos Healthcare in January 2014. Regrettably Atos, who are undertaking Personal Independence Payment assessments (replacement for Disability Living Allowance) on behalf of the Department of Work and Pensions, declined the visit.
37. Cllrs Davies, Howard and Webb visited the Food Bank at the Hastings Centre accompanied by Natalie Williams the Food Bank Coordinator. The group were advised that 5000 people had used the Food Bank. Surprisingly over 50% of those that had done so were in paid employment. the highest number of service users came from Central St Leonards (18%) followed by Castle (12%) and Baird (10%), The group noted that many of the wards with the highest number of Food Bank users were characterised by higher levels of privately rented accommodation. Two potential explanations were offered. Firstly that access to the Food Bank was partly determined by its location, this necessarily made it less easy for social housing tenants to obtain, particularly in areas of concentration such as Ore. Secondly that because social housing tenants had their housing benefit paid directly to their landlords, money management was simplified and there was less risk that they would accrue rent arrears that would result in them forgoing expenditure on basic items such as food.
38. The group were advised that the Food Bank operated via a referral system, which allowed for up to 3 visits. On the fourth visit the Food Bank would liaise with the referring agency in terms of a way forward. The group was assured that mechanisms were in place to limit food assistance and prevent abuse. The group concluded that the Food Bank provided an important service for local residents who were facing hardship. The review team recommended that the Council should consider further how it could facilitate further donations or otherwise help ensure the sustained supply of items to the Food Bank. It should also encourage further partnership working between the Food Bank and other agencies in the town so as to ensure that the service was reaching all those who required assistance wherever they were located.
39. A stakeholder meeting took place on 19th March 2012.
40. Invitees were asked collectively to address 6 set questions and were given the freedom to elaborate and highlight areas of particular concern to their organisations. The following questions were asked by the review group:

- i) What effect have the changes to Housing Benefit had on your organisation?
 - ii) How far have rent arrears and debt increased since the changes were introduced? How has your organisation responded to these changes? What strategies are people using to cope?
 - iii) Is there a likelihood that landlords in the private rented sector will refuse to accept tenants on benefits, due to increased uncertainty regarding payments? If so, what effect would the potential impact be on demand for social housing?
 - iv) How extreme is the impact upon your service users to date? What form is it taking? How is your organisation responding?
 - v) Is there any additional or informal evidence that the welfare reforms are impacting seriously upon your service users? Are you able to give any anonymous case studies which illustrate the effects of the changes?
 - vi) In terms of different forms of benefit, the Council provides a number of services. How aware are you of the services the Council offers?
41. Both AmicusHorizon and Orbit Housing Associations gave an overview of the impact of the reforms on their organisations. Both Associations had or were in the process of restructuring their services so as to respond more flexibly to the challenges posed by the reforms. A significant number of home visits had taken place and considerable efforts had been made by both Orbit and AmicusHorizon to address under occupancy by encouraging tenants to consider downsizing. However, it was noted that the limited availability of smaller units of accommodation prevented some residents from moving. In addition policies that required tenants to clear any rent arrears before moving was an acknowledged barrier. Orbit confirmed that they had set aside a fund to assist but that this had now been spent in full. In terms of the overall impact upon the Associations tenants, the picture was mixed. Orbit confirmed that rent arrears had increased significantly amongst the 12.5% of their tenants under occupying property. Whilst AmicusHorizon confirmed that rent arrears had reduced overall in the previous 12 months, although this was not broken down in terms of those who have been directly affected by the benefit reductions. They also reported that overall the number of evictions was down on the previous year. Orbit supported their comments with written submission detailing the impact of the benefit reforms on their tenants.
42. Both HARC and BHT drew attention to the fact that many residents in work were finding it more difficult to assimilate the benefit reductions than those in receipt of full assistance.
43. Oakfield stated that arrears had increased in the private rented sector, particularly amongst the under 35s. As a result the number of court proceedings had increased. Staff at Oakfield were proactive in dealing with rent arrears and did refer tenants to advice agencies such as BHT for assistance. However, there was acknowledgement that many tenants required education and advice regarding budgeting, and that tenants were not always clear where to seek advice within the town.

44. Considerable discussion took place regarding a perceived increase in reliance on unaffordable borrowing from door step or pay day loan providers as means of dealing with arrears and other financial pressures. The advice agencies confirmed that loan shark activity was also a concern. The group noted that potentially this could have implications for personal and community safety. AmicusHorizon had undertaken an initiative with the illegal money lending team to help address the issue.
45. Digital exclusion was identified as a possible barrier to accessing benefits and advice as well as finding employment. The DWP confirmed that they were undertaking a mapping exercise to examine how easy it was to access IT facilities in the area. AmicusHorizon had appointed digital exclusion champions to help address the problem amongst their tenants and Wi-Fi internet connections were being made available at their offices and within their 'Older Persons Schemes'.
46. In terms of access to private rented accommodation for those affected by benefit changes, Oakfield confirmed that there had been an increase in the number of landlords refusing to accept tenants on housing benefit. 9 out of 10 lettings agencies now refused to let to tenants on benefits.
47. Demand for privately rented accommodation had increased significantly with many employed households being priced out of higher rental value areas of the country. Landlords could afford to be choosy and now insisted on guarantors before letting to those on benefits. It was noted by the group that as a result of changes to the council tax support scheme, landlords were under increased pressure to fill their accommodation quickly.
48. Increasing demand for private rented accommodation was also likely to impact upon demand for social housing, particularly as many risked being priced out of the private market. This in turn might also increase pressure upon the Council's Homelessness and Housing Options Services. The group acknowledged that smaller accommodation in both the private and social sectors was at a premium.
49. Oakfield stated that a significant barrier to accepting more tenants into privately let accommodation was the issue of direct payments of HB to landlords. It was also the case that many tenants preferred their HB to be paid direct to the landlord. This view was acknowledged and supported by some members of the group. There was recognition that the Council's hands were tied by Central Government regulation in this matter but that the Council's Revenue and Benefits team should exercise discretion where possible. The debate centred on definitions of vulnerability. The DWP advised that a Universal Credit pilot in Oxford was showing surprising results. It appeared to show that social housing tenants in receipt of direct payments were less likely to get into arrears than those receiving in-work benefit top ups.
50. The condition of priority was raised as an issue given the significant levels of public money being spent on housing benefit in support of private renting tenants. Members noted that the introduction of a flat rate Local Housing Allowance in 2008 had removed the need for an independent valuation. The review team supported the possible introduction of a Hastings Borough Council

social lettings agency, proposals which were due to be considered by Cabinet later in the year. Members believed this, together with property licensing and action to tackle rogue landlords would enable the council to regulate conditions more effectively.

51. Both Orbit and AmicusHorizon confirmed that as a result of the uncertainty around welfare reforms they had to look to diversify their portfolios in order to support their long term business plans. Both were looking to do so in order to support their core business activity. Both Associations also acknowledged that it was now necessary to charge tenants extra for many services that were once included within their rent. This was an additional financial pressure upon household finances.
52. The group noted that local charities had fewer options and resources to respond to the increase in the demand for their services. BHT had been hit hard by a reduction in funding from the Ministry of Justice and they had exceeded the number of legal aid cases they were being paid for this year. The preventative work BHT had previously undertaken to avoid court action against tenants had also been stopped as they were no longer contracted to carry out this work.
53. The Councils budget position and its potential impact upon service delivery was also raised. The review team highlighted the pressure the Council was under and its very limited capacity to compensate for the loss of support from other funders. 2015/16 was going to be extremely challenging for the Council and would result in difficult funding decisions having to be made.

Recommendations

- 54 To endorse the Borough Anti Poverty Strategy and to ensure that the recommendations of the review assist with the further development of the Anti Poverty Strategy Action Plan. Particularly within the context of improving educational and lifestyle choices for young people and financial capability and planning for vulnerable groups
- 55 To support efforts to secure a continuation of the Discretionary East Sussex Support Scheme (DESSS), and to consider options if DESSS funding can not be extended beyond the current financial year. Members were advised that East Sussex County Council (ESCC) were currently collating data on the impact of DESSS grants.
- 56 To ensure that arrangements are made for the longer term monitoring of the impact of the welfare reforms locally on vulnerable households. Possibly working with the University of Brighton (UBH) to facilitate this.
- 57 That a review of Discretionary Housing Payments (DHP) be undertaken. The review group noted that this had been raised by a number of key stakeholders including the local advice agencies. The review to take into account :
 - i) The fact that funding for DHP's may be reduced in future years.
 - ii) The need to ensure that future guidance on eligibility and the appeals process for DHP's is made clear and transparent to applicants and advocates
 - iii) That DHP guidance it made readily accessible on the Council's website

- iv) The need to establish quarterly meeting with advice agencies and other stakeholders regarding the application of DHP policy locally.
 - v) The need to increase communication with potential recipients and to ensure that there is fair access to DHP between tenants in both the social and private rented sectors.
58. To facilitate increased dialogue between the Council and its partners in the voluntary and advice sectors. To include the promotion and signposting of relevant agencies to potential service users through flyers, letterheads etc. in standard council communications.
 59. That given the limited resources available to the council, future policy decisions with welfare and poverty implications are clearly framed within a context of 'fairness' to vulnerable groups. Mindful of the increasing problem of debt, particularly where this might relate to council tax and rent arrears, Cabinet should specifically commit to undertaking fairness impact assessments when considering future policy formulation in this area. In this respect the group wished to recommend the use of the Fairness Square approach utilised within the review.
 60. That the Council should work with other agencies in Hastings to limit the growing impact of loan sharks and pay day lenders charging exorbitant interest rates.
 61. To continue to monitor and resist any unplanned inward migration into Hastings and St Leonards resulting from the welfare reforms. To work with others to ensure that where local authorities are forced to make place households out of area they take greater responsibility for the longer term welfare and housing needs of vulnerable households
 62. To support the early introduction of further licensing proposals for rented accommodation in the town and the development of a social lettings agency aimed at improving access to and the quality of local housing stock
 63. Aid and complement the work of the FoodBank by promoting other forms of community support including the use of allotments and communities gardens. Crucially to work to relieve the effects of poverty by supporting sustainable approaches by partners that help tackle the root causes of poverty.
 64. To recommend that the Council supports the National Landlord's Association in their efforts to secure a change in legislation which would enable housing benefit payments to be made direct to landlords, where tenants would prefer this option.

Wards Affected

Ashdown, Baird, Braybrooke, Castle, Central St. Leonards, Conquest, Gensing, Hollington, Maze Hill, Old Hastings, Ore, Silverhill, St. Helens, Tressell, West St. Leonards, Wishing Tree

Area(s) Affected

Policy Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	Yes
Crime and Fear of Crime (Section 17)	Yes
Risk Management	No
Environmental Issues	No
Economic/Financial Implications	Yes
Human Rights Act	Yes
Organisational Consequences	No
Local People's Views	Yes

Background Information

Hastings Anti Poverty Strategy xxxx

Hastings Ant Poverty Action Plan

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