

Report of the Assistant Director – Housing & Community Safety

CYC Welfare Reforms Impacts Update

Purpose of report

1. To advise members of the current position in York of the effects of the welfare reforms and the actions that have been taken to mitigate the impacts on those who are affected.

Background

2. The Welfare reform Act 2012 introduced a wide range of changes to the benefits system. They have radically changed the way welfare is delivered to people in receipt of benefit. The report reviews the changes that have been implemented. It does not look at the implications of future changes such as the introduction of Universal Credit which is expected to be introduced in York Spring 2014. Equally the implications of other changes such as child benefit, tax credit rules and the general freezing of, or below inflation increases in benefit rates are not covered in this paper.

Consultation

3. There has been extensive advice given to all residents affected by the benefit changes. They have received letters, leaflets and face to face advice on the effects of the changes and what can be done to reduce the impact.
4. For most of the changes there was no requirement to consult. In the case of Local Council Tax Support, formal consultation was conducted on the shape of the new scheme during the late summer of 2012.

- Partner agencies across the city have formed a welfare reform task group that regularly meets to share good practice and actions that need to be taken to advise customers on the changes.

Options

- Since the report is an information report there are no options to be considered

Analysis of the Key Changes, the effects and mitigation

Social Size Criteria Restrictions ('bedroom tax)

- Most of the work since April has been to deal with customer enquiries and provide explanations of the change and provide advice. There has been little impact on changes to the volume of claim assessment and only a couple of appeals have been received to date. It has, however, impacted on DHP applications.
- The actual impact on CYC residents by the end of April is summarised in the table below. There are 1,138 tenants affected losing £802,056 in year 1. This was less than predicted earlier in the year because of claims being updated to reflect unreported changes in circumstances and the government's late concessions to foster carers and armed forces personnel.

	RSLs	CYC	Combined
	No.	No.	Total
Total HB caseload	3,005	5,082	8,087
No. Affected	427	711	1,138
% caseload affected	14.2%	14.0%	14.1%
With dependants	236	406	642
Lone parent h/h	110	281	391
1 bedroom excess	374	588	962
2+ bedroom excess	53	123	176
Average loss per week			
Ave loss per wk	£14.78	£13.88	£14.22
for 1 bedroom excess	£13.51	£12.22	
for 2+ bedroom excess	£23.79	£21.84	
Total annual loss	£328,237	£473,819	£802,056

9. Rent arrears:

- Rent arrears at end of May was £679k; at same time last year £612k (+ £67K = +11%). We have seen an increase in the number of arrears cases of 128 at the end of May 2013 compared with May 2012.
- On the assumption that between £10\15k relates to the annual rent increase means the bedroom tax effect maybe about 9%

10. In mitigation we have:

- Visited all affected CYC tenants and spoken to all but 42. (Where we have not made contact all homes have been visited and two follow up letters have been sent asking the tenants to contact us to review their situation). Information from these interviews is being analysed.
- Explained the effect the changes will have on them and explored the range of options available to them:
 - Seek a move home through direct exchange or via transfer;
 - Look to maximise income through:
 - Reviewing employment opportunities,
 - Taking advantage of discount schemes such as switching utilities,
 - Seeking advice about other debts and organising more favourable repayment plans,
 - Exploring the option of taking in a lodger
 - Pay the difference from income
 - Signpost for employment advice
 - Assessing whether non dependants can contribute more.
 - Advice on claiming DHPs.
- We are actively supporting people to seek to downsize through the councils 'Homeswapper' scheme which allows us to interrogate the system and match those under occupying with tenants who are overcrowded and wishing to move.
- We have created an incentive scheme that provides tenants with financial assistance to downsize up to £2,500 to assist with costs of moving / reconnection of utilities etc.
- We have relaxed the policy on Direct Exchanges and transfers re rent arrears. If tenants have low level arrears we will consider allowing the move in the case of tenants affected by the bedroom tax providing they demonstrate a commitment to reducing their debt.

- In any new build schemes we will be looking at the opportunity to prioritising downsizing particularly for those affected by the bedroom tax.
- We have been working closely with our RSL colleagues in providing profile information and advice to them on the effect of the reforms who have made similar interventions with tenants.

Discretionary Housing Payments (DHP)

11. As can be seen below there has been a significant increase in DHP activity with additional applications appearing from March onwards in advance of April. There was around a 340% increase in applications made compared with the same period in 2012/13. We expect some additional claims from the implementation of the benefits cap (see separate section).
12. The numbers processed compared to the same period last year also increased but the resources allocated to this work has been ramped up since late May to deal with a build up of applications. Of the 78 processed by the end of May, 44 were primarily as a result of the new size criteria rules.
13. Spend is being closely monitored, but until the volume of DHPs waiting to be assessed is more manageable it is difficult to assess at this early stage what the annual spend is likely to be but will easily exceed 12/13.

DHP applications	
Received	Mar/ May
2012	71 (268 full year)
2013	236

DHPs processed	
	Apr/May
2012	32
2013	78

DHP Spend	2012	2013
	Full yr	Apr/May
Private tenants	£94,504	£11,364
Council tenants	£4,063	£3,057
CTB only	£786	N/A
Total	£99,353	£14,421
DWP Grant	£116,422	£286,409

Benefit Cap

14. The latest information from the DWP (May '13) suggests 40 households will be affected with a total weekly maximum reduction of £1.5k (av. p.w. £38.33) = £77,400 p.a. Potential losses range from £0.02 to £99.98 per week. We have been working closely with partners such as DWP, Housing Services, Children's Services and RSLs to ensure that appropriate support is offered to all those affected.
15. The breakdown of the potential impact is as follows:

Tenure	No. Affected	Lowest wkly loss	Highest wkly loss	Ave. Wkly loss	Total wkly loss	Annual loss
LA	16	£0.82	£98.78	£36.38	£582.06	£27,938.88
PT HA	13	£0.02	£99.98	£43.59	£566.61	£29,463.72
Private	11	£4.48	£91.56	£34.96	£384.60	£19,999.20
TOTAL	40			£38.33	£1,533.27	£77,401.80

16. CYC is in tranche 1 of the national roll out and the cap will be implemented over a five week period starting 15th July.

Local Council Tax Support

17. CYC is capping the maximum help that council tax payers can receive to 70%. The anticipated impact is in the table below.

Band	No affected	Ave. Loss p.w. £	Ave. Loss p.a. £
A	2,327	-4.16	-216.79
B	2,742	-4.92	-256.77
C	1,205	-5.54	-288.78
D	248	-5.94	-309.52
E	97	-7.66	-399.64
F	26	-9.22	-480.93
G	7	-11.26	-587.28
All bands	6,652	-4.87	-253.86
Min loss	all bands	-0.07	-3.76
Max loss	all bands	-13.65	-711.62

Council Tax Arrears

18. It is too early in the year to predict outturn with any accuracy and much can change over the year but what we can say so far is:
- The overall CT collection rates were 0.22% below last years as at 31st May (This is also influenced by new discounts i.e. former Class A and C Exemptions)
 - CTS collection looks good - some customers have paid the full year
 - 98.06% of Pensioners are paying (31 May 13) 12/13 rate was 99%
 - 61.74% of Working Age Customers are paying (31 May 13) 12/13 rate was c. 80%
 - The number of customers not paying is 2,416 (31 May 13)
 - Based upon summons the increased value (Compared to 2012) of arrears at the first 2013 liability court is £574k.
 - The court costs for CTS customers have been reduced to £10 and agreed with CAB
 - Outbound telephony and texting successfully contacted about 1,000 working age customers on CTS.
 - CTS customers encouraged to pay over 12 months.
 - Number of customers paying over 12 months is a little over 1,200

Abolition of Crisis Loans and Community Care Grants

19. The 'York Financial Assistance Scheme' (YFAS) has been developed to provide a one support package solution for residents in financial difficulty. A phased approach is being taken to support the changing needs of the local community. The first year allowed a standard scheme to be established in order to meet immediate needs from April 2013.
20. During that year the council, with its partners such as the new Credit Union and Citizens Advice Bureau will identify the best way to use the funds available in line with the ambitions set in the Council's Financial Inclusion Strategy. An enhanced and tailored solution for York residents will be developed for implementation in 2014/15.
21. Activity for the first two months has been relatively modest - YFAS data April/May 2013:

Enquiries	Volume
Reception	188
Phone	375
Total	563

Applications	
Made	316
Refused	104
Granted	150
Food bank	19

Committed Spend	£	Volume
Emergency	£4,214	95
Community	£10,544	55
Total	£14,758	150

Overall Work Context

22. As the data below shows there has been a significant increase in customer contact but a fall in actual work received that needs processing. The volume of work o/s has shown an increase and steps have been taken to address this.

Customer contact - all channels		
	April	May
2012	4,831	5,115
2013	9,250	6,345

Work received		
	April	May
2012	5,924	5,800
2013	4,778	4,747

Work outstanding		
	April	May
2012	2,577	2,446
2013	4,788	4,747

Other Activity

23. The council is monitoring the impact of Welfare Reform and establish appropriate responses to minimise those impacts for individual households through a range of measures. This includes:
- A 'Poverty Programme Board' had been set up to take forward anti-poverty and Financial Inclusion issues and to develop an action plan. The terms of reference will promote:
 - Education / Skills / Thriving economy;

- Financial awareness / Income maximisation / joined up advice services;
- Living wage city;
- Affordable city;
- Giving City –tackling poverty everyone’s business -Reduce stigma & charitable giving scheme;
- Crisis support.
- A Financial Inclusion Strategy Group has been established.
- A long standing WR Task Group has expanded to include a wider range of partners as the WR programme has extended its reach.
- More widely we are working with partners on a range of financial inclusion initiatives to mitigate the effect of welfare reform generally, in particular engagement of credit union and local advice Hubs.
- A wide range of information and advice has been provided to tenants on welfare reform. Targeted council tenants through ‘Money Matters’, Streets Ahead, Residents groups and providing information to schools and other stakeholders.
- Working actively with partners such as the CAB and Credit Union to develop and promote appropriate multi-agency tailored advice and support services to residents.
- Review the LCTS scheme
- Work collaboratively with partners to develop a ‘Local Support Services’ offer to support ‘vulnerable’ residents’ access to Universal Credit.
- Review the YFAS scheme
- Monitor effectiveness of DHP awards

The Council Plan

24. The changes in welfare benefits clearly are linked with issues within two main areas of the council plan.

Building strong communities

Protecting vulnerable people

They are also clearly relevant to other priorities such as financial inclusion and tackling poverty. The implications of the changes are regularly reported the financial inclusion strategy group.

Implications

- **Financial** None as a result of this report
- **Human resources (HR)** None

- **Equalities** None as a result of this report
- **Legal** None
- **Crime and Disorder** None
- **Information Technology** None
- **Property** None
- **Other** None

Risk Management

25. None the report is for information only

Recommendation

Members of the scrutiny committee are ask to note this report.

Reason: In order to recognise the current position and the actions taken to mitigate the impact for those who are affected by welfare reforms in York.

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Report Approved

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Wards Affected:

All