

CABINET

19 March 2013

Title: Helping Council Housing Tenants into Work	
Report of the Cabinet Members for Housing and Regeneration	
Open Report	For Decision
Wards Affected: All	Key Decision: No
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Accountable Divisional Director: Jeremy Grint, Divisional Director for Regeneration	
Accountable Director: Graham Farrant Chief Executive	
Summary: This report seeks Cabinet approval to direct funding of up to £160k from the Housing Revenue Account in 2013/14 to support Council tenants into paid employment. This will be achieved by establishing a pilot payment by results mechanism during 2013/14 with the Job Shop service, delivered by the Council's Regeneration Division. This would be based on payments of £800 for each person supported into employment. The pilot period would be used to assess impact and to develop a more sophisticated funding mechanism for future years that reflects the difficulty in assisting residents into work.	
Recommendation(s) The Cabinet is recommended to agree that: <ol style="list-style-type: none">1. Up to £160k in Housing Revenue Account (HRA) monies be made available in 2013/14 on a pilot basis to support the Council's Job Shop service, based on evidencing 200 tenants into work2. A more detailed proposal for 2014/15 and future years be worked up over the pilot period and brought back before Cabinet that better reflects the level of difficulty in helping some groups of people into work and the need to keep people in employment.	
Reason(s) To assist the Council in achieving its objective of 'Raising Household Incomes'.	

1. Introduction and Background

- 1.1 The Council's Job Shop service has supported over 2,500 residents into work over the last five years, part-funded by the General Fund and a range of external sources. The service supports workless residents (and those working less than 16

hours) other than those on the government's Work Programme. It also supports those not in-receipt of any benefit, invariably as a result of being in a household where a partner is work. The Job Shop service provides:

- Quality assured information, advice and guidance
- Job search support including help with CVs, application forms, interview skills etc.
- Engagement with local organisations to promote vacancies
- Management of recruitment events on behalf of companies e.g. Whitbread/ Premier Inn
- In-work benefits and tax credits advice
- Refresher and new training opportunities linked to vacancies and employer demand
- Signposting, where relevant, to receive additional training and support
- In work contact and support if needed

1.2 On 19 December 2012 Cabinet agreed further cuts to the Employment and Skills Group budget for 2014/15 of £307,000. These were formally approved by Assembly on 25 February 2013. This level of cut, if other sources of external funding could not be secured, would require the closure of Dagenham Job Shop, leaving Barking Job Shop (now located in Barking Learning Centre) as the only facility in the borough. This closure would need to take place at the end of 2013/14 to ensure that the site was vacated and returned to its former condition, while service users from Dagenham would be re-directed to alternative outreach provision and to Barking.

1.3 The service currently attracts external funding from the delivery of contracts for the National Careers Service (funding from the Department of Business, Innovation and Skills) and Host Borough Employment and Skills Programme (funding from the Greater London Authority). Collectively these sources provide around 75% of the funding for the service, with the remainder coming from the Council. However, there is currently no contract in place for National Careers Service funding in 2013/14 while the Host Borough Programme winds down in 2013/14 and will generate only around a quarter of the funding secured in 2012/13.

2. Proposal and Issues

2.1 There are already a range of links between the Job Shop and housing services and over 20% of current service users are Council tenants, with around a third in total estimated to be in Council housing (adding in those living with family in Council housing). This proposal would ensure that more explicit linkages were developed during 2013/14 that better linked up housing and employment services for Council tenants (only). This would include:

- Fast-track support for those under-occupying their properties or affected by the benefit cap or other benefit cuts
- Provision of outreach with housing advice and landlord services on estates to engage residents and ensure that they access support available in Job Shops.
- Engagement with new Council tenants by a named, qualified careers advisor
- Direct engagement and referral from one stop shop provision

- More explicit targeting of those in-work with careers advice that helps them to progress to better paid employment

2.2 The initial proposal is that the Job Shop service is targeted with assisting 200 Council tenants into employment at a rate of £800 per person with a maximum contribution capped at £160,000. This funding rate is low in comparison to other programmes as shown in the table below, but reflects the fact that these programmes are targeted exclusively on groups further from the labour market.

Project/programme	Average cost per job entry
Barking/Dagenham Job Shops – overall	£927
Barking/Dagenham Job Shops – Host Borough programme	£1,368
ESF Job Shop Community Outreach (current programme)	£2,443
New Deal 18-24 (2005-6 National Audit Office)	£2,620
New Deal 25+ (2005-6 National Audit Office)	£3,530

- 2.3 A key concern for the Council will be that any funding does not duplicate existing programmes or displace other public funding. As part of this proposal there would be no double funding of outcomes so that where a Council tenant could be supported with external funding there would be no charge to the HRA. Additionally, the pilot period would be used to agree the precise support that should be provided to those long-term unemployed residents who are on the Government's Work Programme. This would be undertaken via dialogue with the Work Programme providers and the aim would be to ensure that any support was over and above that residents should expect from that programme.
- 2.4 This pilot payment mechanism also does not reflect that employment programmes are now targeted at supporting people after they take up work, thereby helping them to sustain employment. The following are examples of this:
- The Host Borough programme which currently funds the Job Shops, under this programme a further £993 is received once the individual has stayed in work for 6 months employment and a further £1,241 at the 12 month point. This brings the total payment to £3,602 for each person sustaining work for 12 months
 - Under the Work Programme providers are paid only once people sustain work for 26 weeks (13 weeks for some groups, most notably ex-Incapacity Benefit). Providers then receive payments for each 4 week period (again this varies across different client groups). The maximum sum payable is for ex-Incapacity Benefit claimants, where in excess of £14,000 could be received.
- 2.5 The pilot period would be used to ascertain whether a funding mechanism that better targets support on the longer term unemployed and keeping people in employment. The client function under this proposal would be fulfilled by the Housing Strategy Division. The Regeneration Division would be responsible for all elements of delivery.
- 2.6 Support afforded under this arrangement will only be available to Council Tenants. The pilot period will also be taking place in a period of significant welfare reform that would be expected to have a negative impact on the HRA and which this proposal will seek to mitigate:

- Direct payment of the housing element of universal credit to individuals - social landlords across the country have raised concerns that this will make it more difficult to collect rental income and there is some emerging evidence from demonstrator pilots that this is the case
- Changes to housing benefit to reflect under-occupation will impact on over 1,600 working age Council tenants who will lose an average of £14 per week if they have one extra bedroom and £25 per week for two.
- 17,000 households will be affected by the requirement to contribute towards Council Tax, a large proportion in Council homes.
- The real value of benefits will be eroded by the decision to cap the uprating of benefits to 1% between now and 2016.

2.7 Employment is the clearest route to raising household incomes and the government makes clear that making work pay is central to the welfare reforms that it is putting in place. In this context taking steps to tackle worklessness and thereby protect rental income and avoid repossessions makes clear business sense. Indeed it has been common practice for registered social landlords to fund such activities over a long period of time. Additionally, if this succeeds it will protect further investment in new build housing and estate renewal funded through the HRA. In turn this capital investment will generate further apprenticeship and job opportunities that will be made available to Council tenants.

3. Options Appraisal

- 3.1 Do nothing: the issue of high numbers of possessions for arrears potentially leads to significant write-off of bad debts, and all of the associated costs to tenants both financial and social. This is likely to impact adversely on the HRA business plan.
- 3.2 Secure alternative external funding: all sources of potential funding are being explored and there is an expectation that both the National Careers Service and Host Borough programme will provide some funding in 2013/14. However, this will not enable a directly targeted service is given to Council tenants.

4. Consultation

- 4.1 Consultation has been undertaken with the Cabinet Members for Housing and Regeneration. Regular engagement takes place with Jobcentre Plus on a number of levels to ensure that the service offers added value to mainstream provision.

5. Financial Implications

Implications verified by: Martin Henwood, Deputy S151 Officer

- 5.1 The HRA has rent income of over £99m p.a. There are over 18,500 tenants, of which over 13,000 are on Housing Benefit (including pensioners). The government's welfare changes which are being rolled out are driven by very strong incentives to work. Some of these incentives are in the form of significant reductions in benefit entitlement.
- 5.2 In order to stabilize the Council's income stream it is important that tenants are in work. The financial commitment of up to £160k identified in the proposal is almost certain to be self-financing, both in terms of income collection and costs not incurred pursuing and collecting arrears. The proposal would also be a key strand

in minimising the potential negative impact of the welfare reform, concentrating on the positive drivers in those proposals – getting tenants into work. This is therefore a value for money proposal.

6. Legal Implications

Implications verified by: Paul Field, Corporate Governance Lawyer

- 6.1 The proposal is an innovatory use of direct funding of up to £160,000 from the Housing Revenue Account in 2013/14 to support Council tenants into sustainable employment. The general principle is that fund ring-fenced from the general fund and the revenues generated from housing and grants obtained are used for the purposes of running the landlord function of looking after the housing stock and the tenants.
- 6.2 The Local Government and Housing Act 1989 at Part 6 Housing Finance sets out what can be credited and debited from the Housing Revenue Account (HRA). The proposal will need to operate within the Accounting Rules and as such there may need to be careful monitoring to ensure compliance.
- 6.3 It is necessary to demonstrate that the measures will have a positive impact on tenants. This proposal is a pilot offering council tenants a specific tailored service to assist them into work. This will enable them to become more self-sufficient and tackle issues such as household debt particularly rent arrears. The support in terms of assistance would lead to the reduction of arrears building up and the eventual cost of legal proceedings if as a last resort possession action is taken. The costs of possession are substantial as the legal cost is rarely fully recovered and the rent arrears are written off in due course as bad debt to the HRA. Because the pilot would be funded by the HRA the eligibility would be limited to tenants of the Council only. If the proposal was later rolled out to non-tenants there would need to be an apportionment between the HRA and the General Fund.

7. Other Implications

- 7.1 **Risk Management** – all provision would be paid for on the basis of payment by outcomes.
- 7.2 **Contractual Issues** – a service level agreement will be entered into.
- 7.3 **Customer Impact** – this programme will help more residents into sustainable employment. It should therefore positively impact on a number of other agendas, given that it should assist in raising incomes e.g. lower rent arrears.
- 7.4 **Health Issues** – employment is positively correlated with improved physical and mental health.

Background Papers Used in the Preparation of the Report: None.

List of Appendices: None