Impact of Welfare Reform on Families and Children

Report of Ken Jones, Divisional Director of Housing Strategy

Open Report For Information

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Summary:
This report outlines the early findings in respect of the impact of Welfare Reform upon families and children in the Borough, and the steps being taken to mitigate the impact.

Recommendation
The Children's Services Select Committee is recommended to:

Note this report and receive a further report to evaluate how effectively the Council departments, Elevate and voluntary sector organisations are working together to mitigate the impacts of Welfare Reform upon families and children in the Borough.

Reason
To ensure that the Children’s Services Select Committee receive regular information regarding the impact of welfare reform upon children and families in the Borough.

1. Introduction and Background

1.1 Welfare reform is central to Government policy and is intended to help deliver austerity plans and the deficit reduction and ensure that work should pay more than benefits. A phased implementation of the programme has a cumulative impact.

1.2 The following changes have been introduced since April 2013:

- Social Fund- this benefit is no longer administered by the Department of Works and Pensions, and is accessible via the Citizens Advice Service and paid by Local Emergency Support Service (LESS).,
Households of working age who claim housing benefit is social housing and subject to the ‘spare room subsidy’

Employment and support allowances have been reformed.

Council tax benefit is replaced by a local scheme.

Benefits have been capped at £500 per week with effect from August 2013.

Households who received above £500 per week before August have had their housing benefit reduced.

Universal credit has been deferred.

2. Key issues for the Council

2.1 The spare room subsidy and benefit cap have a very high impact on residents of the Borough and support services.

2.2 Over 1600 hundred council tenants are affected by the spare room subsidy, approximately 1300 of whom are losing £14 per week as they under occupy their home by one bedroom. Over 300 households are losing £25 per week as they under-occupy two bedrooms. Most of the affected tenants have been visited, and approximately 130 wish to downsize to smaller accommodation. The majority advised they wished to remain in their accommodation and would meet the shortfall; however, the latest data shows approximately 400 tenants are accruing arrears.

2.3 607 households in the Borough are affected by the benefit cap and have had their housing benefit reduced as follows:

- 223 = Up to £20
- 105 = £20 - £ 50
- 86 = £50 - £ 75
- 71 = £75 - £100
- 122 = £100 plus

2.4 The groups most affected are

- Under occupiers
- Homeless households
- Larger families
- Low income households
- Those with poor budgeting skills

Some of the above cases fall within the 'troubled families' agenda.

2.5 This new and significant demand for cheaper accommodation is set against current housing demand. There are at present approximately 12,000 households on the housing register broken down into demand for bedroom size as follows:

- 5000 1 bedroom
- 4000 2 bedroom
- 3000 3 + bedroom
3. Range of measures in place to support households affected by welfare reform

Discretionary Housing Payments

A key tool in preventing homelessness has been the Council's ability to pay DHP. DHP is a fund that is intended to alleviate hardship. It allows customers who face a variety of challenges time to find alternative solutions to shortfall in income, helping with housing cost on a short and temporary basis. As the benefit cap started in August 2013 we have yet to see a full year's impact. There is no guarantee that the same amount of fund will be available to the Council in 2014/15 to pay DHP so help through DHP will be unsustainable and it is not designed to be used in the longer term. It is therefore likely that the increase in homeless approaches received in 2013 will continue throughout 2014 and beyond, and will represent a significant pressure to general fund budgets. We are also working proactively to identify those most at risk so that they can be supported.

As at 16 December 1177 applications have been received and 614 have been awarded. We received 119 and to date 59 in December 2013 which we are currently dealing with.

Funding for DHP is via a cash limited grant which has to be spent in-year; Barking and Dagenham’s allocation for 2013/2014 is £1 310 802. Amounts and administration of the scheme is now being monitored daily. As at 16 December 2013 £605k has been spent. Resources have been pooled to ensure this is an area of high priority. We committed £262 247 in November 2013.

Review of the allocations policy

The Council has made changes to the Housing Allocations Policy which includes an amendment to ensure that the assessment of number of bedrooms needed for each housing applicant is consistent with assessments made in accordance with housing benefit regulations. This will ensure that benefit dependant tenants do not have shortfall in housing benefit due to under-occupation at the point of allocation.

Brokering Mutual Exchanges

The Housing Advice Service and Localities Teams will use local intelligence to try and facilitate mutual exchanges of overcrowded households and under occupiers to maximise best use of Council stock and assist those affected by welfare reform.

Providing Advice and Support.

A wide range of advice is available to assist residents affected by welfare reform. A directory of Council services has been compiled to assist staff in advising and signposting customers with appropriate advice.

Tenancy Sustainment

The Council is developing a robust approach to tenancy sustainment. At present a small team of two officers and a team leader provide an assessment and referral service (HART) for floating support to help tenants sustain their tenancies. As an interim measure Housing have funded a further three posts to enhance this team and target those affected by the benefit cap. In recognition of the wider impacts of welfare reform the Councils’ Corporate Management Team have agreed funding for a Social
Worker and Family Support worker to provide support for this Team, to be reviewed after six months.

The proposal going forward is to create a robust multi agency tenancy sustainment team to build on and embed the work being done by the staff referred to above. This can be achieved by a staffing restructure in Housing and maximising various funding streams to enhance the team.

Third Sector

Good Society was set up in June 2012 by Jon Cruddas MP to identify how service providers from the third sector could work together to increase the support to Borough residents. It was agreed to build on existing good practice within the Borough and identify new and innovative ways to support one another. The BanD Together symbol was designed to be the public facing brand of the projects so that residents would know that when it was used there was an opportunity to volunteer skills or receive support.

There are a number of projects currently being run by partners to encourage people to volunteer their skills and support residents in immediate need. Civic buildings are being used to collect food on behalf of the Borough’s existing foodbanks. Children’s Centres are working with partner foodbanks to collect food and refer families in need. In addition a “Knitting November” campaign was run encouraging local people and Council employees to knit squares to be sewn together to make blankets. These will be distributed as part of the Warmer Homes project by the Council for Voluntary Service as part of a warm packages given to vulnerable people in the Borough.

In addition to this front line work the group are looking at ways to work more strategically together to join up the services provided in the Borough. For example a website, Community Connects, is being created to store information on services, allowing front line teams across all sectors to have a quick reference guide available to them when approached by residents facing specific difficulties. The group have felt pressure on their services as the impact of welfare reform has spread, increasing the need for this joined up approach to supporting residents.

4. Conclusion

This report outlines the Council’s response to date in addressing the challenges presented by welfare reform which represents a fundamental shift in the relationship between the state (and all its services) and the individual. As the various workstreams evolve and as there is development in respect of policy and cross departmental working, further reports will be submitted.

5. Financial Implications

Implications completed by: Carl Tomlinson Group Manager Finance

5.1 The report provides an information update, therefore, there are no direct financial implications as a result of the report.

The introduction of welfare reform is expected to have a significant impact on the Council’s financial position across multiple services within both the General Fund and HRA. Action is being undertaken to mitigate the impact; however, it is difficult to
predict the scale and scope. Some provision has been made through increased bad
debt provision plus the availability of discretionary housing payments. However, as
stated above, discretionary housing payments are not guaranteed and time limited.
The position continues to be monitored.

Implications completed by: Patricia Harvey, Group Manager – Children’s Finance

5.2 The report with regards to Children’s Services highlights a significant risk if this
corporate approach is not in place. Children’s Services are now seeing an increased
amount of evictions, particularly from private landlords and for those with no
recourse to public funds (NRPF); consequently this is placing a financial burden
upon the General Fund.

6. Legal Implications

Implications completed by: Maria Oshunrinade, Solicitor, Legal Practice.

6.1 Implication on children

- The number of families with a disabled child running into rent arrears is likely to
  increase. Children’s services may need to be prepared to provide support should
  this cause a risk of an affected family losing their home.

- Families with young children who are likely to experience a significant reduction in
  income may need to be giving further support and monitoring to ensure that this
  does not result in misconduct towards children.

- There may be significantly less disposable income available to families with child
  care expenses (such as child minders etc).

6.2 General implications

- There is limited availability of alternative accommodation to offer those who may be
  willing to give up their home (in exchange for a smaller property).

- The reduction of benefit could lead to further rent arrears, which may result in
  increased poverty and crime.

- Provisions in the council’s internal policies that relate to overcrowding may need to
  be revised, in light of the Welfare Reform.

6.3 Legal implications

- Decisions made by the council in light of the Welfare Reform are subject to judicial
  review. It is important that there is uniformity of approach when dealing with
  persons affected. (Detailed records must be kept).

- Procedures and policies for making decisions (in light of the Welfare Reform),
  should be established. The policies must be adhered to and also made available for
  public access.
• Discretionary decisions made by the council should be subject to an internal review procedure.

• Legal advice should be obtained before embarking on reviewing or amending internal policies.

• There may need to be regular consultations between Housing and children’s services (and adult services where applicable) to monitor the effects of the Reform and to agree appropriate support for families.