

Council Overview and Scrutiny Committee
30 January 2014

**Interim report of the Welfare Reform Task Group:
The impacts of Welfare Reform in Surrey**

Purpose of the report: Policy Development and Review

This is a report of the interim findings of the Welfare Reform Task Group, which was commissioned by the Council Overview and Scrutiny Committee (COSC) to investigate the impacts of welfare reform and key issues for Surrey County Council and its partners.

Introduction

1. The Welfare Reform Task Group was established in September 2013 to investigate and gather evidence from a range of stakeholders on the impacts of welfare reform and key issues for Surrey County Council and its partners. The Task Group is chaired by David Harmer and its Members are Fiona White, Stephen Cooksey and Bob Gardener.
2. This interim report aims to update and inform COSC of the work of the Task Group and highlight some key issues identified so far in respect of the impacts of the reforms on residents, the Council and its partners. Recommendations that seek to address these issues will be put forward in the Task Group's final report in April 2014.

Task Group activities so far

3. The Task Group scoping document (updated version attached at **Annex 1**) was circulated to COSC on 10 October 2013 and approved.
4. Since then, the Task Group has received evidence from key partners as well as County Council services. A list of the witnesses the Task Group has met with is attached at **Annex 2**.
5. The Task Group has also requested and reviewed documentary evidence from witnesses and considered relevant reports including: quarter 2 data overview of the impacts of welfare reform in Surrey (attached at **Annex 3**), and the Universal Credit Local Support Services Update and Trialling Plan.
6. A verbal update on the Task Group's findings was informally presented to COSC by the Chairman of the Task Group on 4 December 2013.
7. A summary of the key welfare reform changes and timeline are provided at **Annex 4**.

How are residents being affected by the reforms?

8. The report to COSC in September 2013 highlighted that the following three groups were likely to be significantly affected by the reforms. The testimony from witnesses supports this.
 - 8.1 **Low-income working families** have lost a significant proportion of their income from reductions in working and child tax credits, the removal of the Spare Room Subsidy and reductions in Council Tax Support among other changes. These families tend not to have regular/any contact with support services.
 - 8.2 **Large families not in employment** are at risk of losing a large proportion of their income under the benefits cap and will face challenges to employment due to the high cost of childcare.
 - 8.3 **Disabled people and those with mental health issues** are being affected by the new work capability assessment as part of Employment Support and Allowance (ESA), and loss of benefits if the Department for Work and Pensions (DWP) undertake mandatory reconsideration of their ESA decision.
9. The Task Group have also heard from witnesses that **young single unemployed** people are being affected by changes to housing benefit, new stricter conditions of the Job Seekers Allowance (JSA), and finding a job with lack of work experience. **People in their 50s** may be affected by the pension credit age for women being increased and 'bedroom tax' if children have moved out of home. They are also struggling to re-enter employment if they have been out of work for a significant period of time.

What impact has there been on the Council and partners, and what action are they taking to address them?

10. The Surrey County Council directorates and services of **Children Schools and Families, Adult Social Care, Libraries and Public Health** are the council services most likely to be directly helping residents to deal with the effects of the reforms and be affected themselves. County Council officers have advised that although it is currently very difficult to measure the direct financial and service impacts of welfare reform on council services, they expect these to become more apparent over the next year as the impacts accumulate and embed.
11. These directorates and services have been working closely together and with partners through the **Surrey Welfare Reform Co-ordination Group (WRCG) since July 2012** to ensure a co-ordinated response across the County. The group comprises officers from across the County, District and Borough councils, as well as representatives from Surrey Citizens Advice Bureaux, the Department of Work and Pensions and the voluntary sector amongst others. The WRCG has been collectively monitoring the impact of the changes on residents, which is crucial to understanding the cumulative impacts of the reforms on residents.
12. County Council officers have been receiving training on the reforms, but witnesses have highlighted the need for more comprehensive and joint training across County Council services and partners, to improve joint working and ensure that information cascades down effectively within these organisations. Some witnesses have suggested that a referral map of local advice and support services would enable more effective and consistent signposting.

13. The County Council commissioned a new service, **GetWiSE**, to help all residents significantly affected by the reforms to receive the advice and support they need to cope with the reforms. The Task Group has heard evidence about GetWiSE's work to support residents through appeals and tribunals related to disability benefit changes, particularly ESA claimants. The Task Group intends to speak with GetWiSE again to seek further clarity about their role assisting claimants to tribunal (hopefully in conjunction with a claimant they have helped). The Task Group also wishes to find out how GetWiSE's plans to extend its support to other groups, particularly those residents referred to in paragraphs 8 and 9. The Task Group expressed concern over the low level of awareness among residents and County Council Members about GetWiSE and the services they offer.
14. SCC established the **Surrey Local Assistance Scheme (LAS)** to provide emergency support to people in crises, particularly as a result of benefit changes. Many of the witnesses expressed concern about the significant underspend of this fund¹, lack of publicity, and difficulties faced by residents in some areas of Surrey accessing support given the limited geographical spread of CAB offices that process the scheme. The Task Group intend to meet with Shared Services, who are administering the scheme, to discuss these issues.
15. Council Tax Benefit has been replaced by localised **Council Tax Support Schemes**. The schemes adopted vary considerably, so residents in some areas are having to pay a significant portion of their council tax for the first time. The County Council provided £500,000 to Districts and Boroughs to help minimise the amount of Council Tax they collect from their most financially vulnerable residents. The money also part-funded the establishment of new hardship schemes in every District and Borough to provide additional discretionary support to people struggling to pay their Council Tax. However, so far very little of this 'hardship' money has been distributed. Witnesses highlighted the fact that the Council Tax recovery rates are remaining higher than expected, but very little is known about the impact of the different schemes on newly affected groups.
16. Witnesses have suggested that many families adversely affected by the welfare reforms need holistic support such as that provided by **Surrey's Family Support Programme (FSP)**. However, the criteria for receiving help from the FSP is too restrictive for many of these families and a number of witnesses suggested exploring if it was possible to expand the criteria.
17. **District and Borough (D&B) Councils Housing & Benefits:** The Task Group heard how D&B Benefits teams that previously focused on processing benefit claims are now taking on a far more proactive and holistic role in supporting residents, including providing a 'triage service' by signposting residents to appropriate services if they require additional support. The D&B Housing teams have already seen an increase in homelessness and use in temporary accommodation due to the lack of appropriate housing (for both those D&Bs with and without their own housing stock). It is still too early to tell whether this is directly attributable to the impact of welfare reform. However, witnesses expected this trend to continue due to:
- 17.1 the opportunities for families to downsize to mitigate the impacts of the 'bedroom tax' diminishing because of the lack of availability of smaller accommodation. Where the shortfall is not covered by Discretionary Housing Payments (DHP)², this will lead to a loss in income;

¹ By the end of Quarter 2, £103,752 (12% of the annual funding) has been awarded to clients.

² DHP funding from central government to district and boroughs in Surrey has increased from £684,723 in 2012/13 to £1,671,873 in 2013/14 (Quarter 2 data from WRCG).

- 17.2 the lack of availability of appropriately sized and affordable social housing (e.g. one bedroom flats for care leavers). There is a growing disparity between average rental market rates³ and the average housing allowance which now has to also fall within the benefits cap;
- 17.3 tougher conditions for receiving Job Seekers Allowance (JSA). If JSA is lost due to sanctions being applied, this will often also result in a loss of housing benefits; and
- 17.4 the accumulation of household debts over time due to loss of household income, affecting residents' ability to pay their rent and which could lead to summons and evictions.
18. D&B Councils have been working proactively to help residents affected by the reforms find suitable and affordable accommodation. The Task Group have also heard about the proactive work of some Registered Social Landlords (RSLs) in mitigating the impacts of the reforms through providing advice to their residents.
19. **Department of Work and Pensions (DWP) and Jobcentre Plus** informed the Task Group that they are working closely with the County Council and Districts and Boroughs to prepare for the roll out of Universal Credit. Jobcentre Plus in Surrey are beginning to roll out a new approach to working with claimants, with jobseekers now having to account more clearly for their efforts to find work in order to receive their benefit, which includes up to 35 hours a week of positive job-seeking activity.
20. **Citizens Advice Bureaux (CAB)** have seen a 17% rise in welfare related enquiries since the same period last year. Around half of this rise is due to the CAB contract to administer the new Local Assistance Scheme. CAB highlighted that the type of debt advice people were seeking had changed from secondary (i.e. consumer debt) to priority debts (i.e. rent and council tax arrears). CAB had also seen an increase in queries relating to ESA and housing benefits.
21. The Task Group heard from the Surrey CAB that they are keen to grow their financial capability advice offer (to help with money management and budgeting) and focus their delivery in Surrey's Children's Centres for families affected by the reforms. CAB have already delivered financial capability workshops in Woking, Dorking and Waverley and developed a 'Managing Money' resource tool for families.
22. A map of the key advice and support services in Surrey (including an overview of what they do) is attached at **Annex 5**.

Further issues and future demands identified

Universal Credit

23. Surrey is unlikely to see the direct impacts of Universal Credit (UC) for a couple of years given DWP's recent announcement that implementation for new claims will be delayed until at least April 2016. However, councils and partners are being encouraged by the DWP to use the intervening period to prepare for the introduction of UC in their local area by:

³ There has been a recent categorisation of "affordable rent" for new social housing as 80% of market rent. This is likely to increase social housing rents further.

- creating effective working partnerships with DWP and agencies who will be providing support and/or signposting claimants;
- establishing the type and level of support claimants may require and mapping existing support available; and
- piloting support to residents to help identify how these services can be delivered most efficiently and effectively.⁴

Financial inclusion

24. Universal Credit will mean the overwhelming majority of claimants will move from weekly benefit payments and direct payment of housing benefit to housing providers, to one monthly payment made directly to the claimant which will include housing benefit. Witnesses have highlighted a number of issues around these changes including many claimants needing support to manage their finances and the risks associated with not paying housing benefit directly to social housing providers and private landlords.

Digital inclusion

25. Universal Credit will be digital by default. At the moment, forms must be completed online in one sitting as they cannot be saved and it is estimated that the application currently takes on average over two hours to complete. Personal details must also be kept updated. Claimants will require access to computers and may require literacy training, IT training and/or advice on and support with completing the UC forms.
26. A particular concern is that central government funding under the UC local support services framework may not be enough to pay for the support required. A study carried out by three London Councils using DWP data found they would each need to spend £6m over a two-year period to support vulnerable claimants get online, help open bank accounts and manage monthly budgets⁵.
27. Other issues brought to the Task Group's attention include increased pressure on already frequently used public IT systems in libraries, and the ability to, and costs of, protecting the confidentiality of personal information in UC forms that are submitted on public computers.

Employment and Support Allowance

28. The Task Group has noted a number of fundamental issues concerning the process of claiming ESA. ESA forms have to be completed by claimants online. DWP's contractor, ATOS, then carry out a work capability assessment. DWP makes their decision on whether to award ESA based on the form and assessment. If a claimant disputes a DWP decision, they must ask DWP to reconsider the decision before they are allowed to lodge an appeal with the Tribunal (called 'mandatory reconsideration'). During this mandatory re-consideration stage, claimants will not receive ESA⁶. The Task Group is concerned about this process because of the high number of ESA decisions overturned at appeal,⁷ and the absence of ESA payments for claimants during the indeterminate mandatory re-consideration period.
29. Given these concerns, the Task Group will be meeting with DWP again in order to seek further clarification regarding the decision making process for ESA.

⁴ Pg 6 Universal Credit Local Support Services Update and Trialling Plan.

⁵ The Guardian, Thursday 21 November 2013 14.40: 'Training people to use universal credit 'could cost hundreds of millions.'

⁶ DWP letter to MPs on changes to the disputes and appeals process dated 9 October 2013.

⁷ County Council commissioned GetWiS£ have had an approximate 92% success rate with appeals.

Conclusions:

30. This report has outlined some of the key issues and concerns facing the County Council and its partners in relation to welfare reform. The Task Group will continue with its evidence gathering and will make final recommendations which aim to provide solutions to these issues in April 2014.

Recommendations:

31. That the Council Overview and Scrutiny Committee:
- a) note the findings in this interim report,
 - b) ask the Welfare Reform Task Group to return to the Committee in April 2014 with their final findings and recommendations on the impacts of welfare reform and key issues for Surrey County Council and partners,
 - c) provide comments on the Task Group's interim findings and make initial suggestions on how the County Council could deal with these issues.
 - d) recommend that any LAS funding left unallocated at the end of 2013/14 is rolled over into 2014/15 and continues to be committed to supporting severely affected residents to manage the impact of welfare reform changes. The Task Group will present proposals for allocating this funding in their final report in April 2014, but would recommend that a proportion of it is targeted towards early intervention support, particularly aimed at improving money management skills and general financial awareness.

Next steps:

The Welfare Reform Task Group intend to re-visit some witnesses and meet with a number of new witnesses to clarify their understanding of issues identified so far and gather further evidence where required (see **Annex 2** for list of additional witness sessions).

The Welfare Reform Task Group will provide a final report at the meeting of the Council Overview and Scrutiny Committee on 2 April 2014.

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Sources/background papers:

- Universal Credit Local Support Services Update and Trialling Plan