

<b>Project:</b>	Joint Strategic Needs Assessment
<b>Profile Title:</b>	Financial Resilience and Welfare Reform
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<p><b>Introduction</b></p> <p>The Governments Welfare Reform programme announced in the Comprehensive Spending Review in June 2010 was extended in the 2012 Autumn Statement to 2017, with the level of the cuts being further increased, with the stated aims of;</p> <ul style="list-style-type: none"> <li>• reducing benefits expenditure by £18 billion by 2015/16;</li> <li>• making the benefits and tax credits system fairer and simpler;</li> <li>• reducing benefit dependency and making work pay.</li> <li>• Simplifying benefits administration by combining several existing benefits into a single payment of Universal Credit (UC)</li> </ul> <p>The programme builds on changes introduced by the last government in relation to reforming sickness benefits but in scale and scope go much further, leaving many residents much worse off financially, especially if they remain sick or unemployed.</p> <p>In a speech on Welfare Reform in January 2014 the Chancellor outlined plans for a further £12 billion of cuts to the welfare budget by the end of next Parliament. A measure identified in the speech would remove under 25's entitlement to Housing Benefit which would have a further significant impact on the city</p> <p>The Welfare Reforms include a wide range of specific measures, with different impacts and consequences for Sunderland residents.</p> <p>On-going changes to Working Tax Credit affect people in work, and reduce, in most cases, entitlements, and annual benefit uprating will affect all those claiming benefits. A Benefit Cap applied to overall benefit entitlement will significantly impact on 71 families in Sunderland . The nature of Sunderland's housing stock also means that cuts to Housing Benefit for people in social housing, known locally as the "bedroom tax", has the most significant impact upon the city with 4,500 people being affected and receiving less Housing Benefit as a result. Because of the nature of this particular change, it is</p>
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having complex effects on the housing market and the accommodation opportunities facing individuals. This change has therefore been a particular focus of partnership working across the city. Some of these people will also have been included in the 19,000 people affected by the changes in introducing the local Council Tax Support Scheme which saw 15,000 people paying Council Tax for the first time.

A range of reforms targeting people claiming sickness and disability related benefits will involve approximately 17 – 19,000 people being subject to at least one 'review' and a significant number of these will have their current entitlements reduced or withdrawn.

A review of the Crisis/Community Care Schemes is planned for 2014/2015, and will include future funding arrangements, as DWP support will cease from 1 April 2015

The national roll out of Universal Credit for both new and existing benefit claimants is taking longer than the DWP had originally planned. The indication is that timescales may be delayed by up to 2 years in many cases, and even up to 2020.

### **Recommendations for Commissioning**

Refreshed data is an essential component of the next JSNA refresh

Identification of the levels of poverty (the poorest people in the city/people not making ends meet/people getting poorer and increased levels of debt) by key areas/wards/postcodes to further identify/plan/implement/review appropriate interventions and outcomes

Appendix 1 shows data April 13 to December 13, which will be refreshed as part of the wider refresh exercise referred to above

Sunderland has over 40,000 Housing benefit / Council Tax Support claimants within the City with the majority claiming both benefits . The breakdown of the 40,000 is split 63% working age and 37% Pension Age. Pensioners are not affected by most of the Welfare Reform changes so help and intervention needs to be focused towards the 63% people who are working age and are affected by one or more of the cuts to their Benefits.

Welfare benefit reforms have the potential to significantly reduce individual income levels. While these reforms are being introduced in phases the impact of these may be cumulative for some people. For example the same resident could be affected by conversion from Incapacity Benefit (IB) to Employment and Support Allowance (ESA) or to Job Seekers Allowance (JSA), and then face reductions in their Housing Benefit (HB) and by Disability Living Allowance Changes.

Welfare Reform change affecting individuals of working age are:-

- Under occupancy charge ("bedroom tax") HB cut by 14% to 25% dependant upon 1 or 2 spare bedrooms
- Bedroom Cap – Out of work benefits restricted to £500 per week for couples and singles with children and £350 per week for single people
- Localised Council Tax Support scheme with cut in Govt funding which means 15,000 people having to pay Council Tax for the first time and 4,000 paying more than they previously did
- Increased non dependant charges
- Benefits initially being increased in line with Consumer Price Index rather than Retail Price Index which is higher, and from April 2013 most benefits increasing by 1% only
- LHA rate increased by lower third percentile rate instead of 50%
- Under 35 years affected by shared room rate currently £45 instead of 1 bedroom rate of £88 – will affect parents with shared responsibility for care of children as shared accommodation not considered suitable for children to stay overnight
- On-going conversion of, for current Incapacity Benefit / Severe Disablement Allowance, and some income support claims to, Employment and Support Allowance (ESA) for between approximately 6000 -8000 claimants . Current experience suggests that 30% will be allocated to the ESA Support Group , 40% ESA Work Related Activity Group , and 30% found fit for work (and for these people face a loss of income of more than £30 per week ( single claimants)
- Localisation of Social Fund (reduced Govt amount and no cash payments or loans)
- Increased sanctions and conditionality via a new claimant commitment from October 2013 onwards. Initially this will affect Job Seekers but will be extended to other customer groups that claim Universal Credit
- Child Benefit- initial freeze in annual increases and then reduced entitlement / withdrawn entitlement from those families that have one of the couple earning over £50,000 / £60,000 respectively
- Personal Independence Payment replacing DLA for working age claimants. There are currently approximately 11,290 current working age DLA claimants and the DWP impact assessment suggests that the new PIP assessment process will see 29 % with a reduced award and 26% with no award (by 2018). As DLA and PIP entitlement protect residents from a number of other changes, give increased entitlement for carers , and also increase entitlement to current means tested benefits ,the impacts will be greater than just the monetary loss of the DLA
- Changes to Working and Child Tax - many of which will reduce customer's tax

credit payments and numbers of people entitled to these credits

Pensioners are affected by a number of changes , including

- State pension equalisation from 2018 meaning women will have to work until age 65 to retire increasing to age to 66 from 2020.
- Changes to Pension Credit entitlements and lower annual benefit increases than previously
- The proposed introduction of a new single tier state pension from 2016 onwards ( with rates being set at roughly the same rate as basic Pension Credit entitlements) , and linked reform of Pension Credit and other Pensioner / bereavement benefits
- Older people remaining on less generous working age benefits, rather than being able to transfer to Pension Credit
- LHA rate increased by lower third percentile rate instead of 50%

## **2) The level of need in the population**

### **Financial**

There is a growing level of need within the 40,000 Housing Benefit/ Council Tax Support claimants within the city due to the changes introduced in relation to these benefits. The need is predominantly required for working age residents and has been identified as being primarily concerned with reduction in household income coupled with increasing outgoing costs.

The Association of North East Councils recently prepared a report on Family Poverty by the Task & Finish Group which highlighted the need for improved financial services to assist residents.

Main areas highlighted by ANEC were :-

- Support for Credit Unions as a means of providing residents with inexpensive and reliable banking services including loans
- Encouraging credit unions to raise their profile in promoting their service to other residents of the city to help support the Credit Union generate required funds
- Ensuring front line staff and other advice/information services are fully trained in the understanding of Welfare Reform issues
- Fuel Poverty Partnership – work with the Warm Up North Partnership to reduce fuel poverty
- Work with Partners to identify how support can be joined up locally across employment, skills, troubled families and other services to offer support in all areas of concern
- Work with families on money management and budgeting and arrange appropriate sessions
- Work with Jobcentre Plus and other agencies to support customers into work
- Develop effective triage processes to identify customer groups most likely affected by Welfare Reform and who require additional support
- Share data with Partners to identify and target particular customer groups

Most of these areas have been recognised also by the Department for Work & Pensions. Their Local Support Services Framework document and the additional support offered to claimants through the Universal Credit Pathfinders identify the need for additional support to be provided to assist residents to manage budgets, deal with debts and to manage transactions effectively on line

Personal Debt and Financial Inclusion levels are also high in Sunderland. Previous

reports provided by the DWP Financial Inclusion task force highlighted that 22 of 25 wards were at significant risk of financial exclusion (measured against 7 separate indicators). While no resource exists to replicate this research at present, recent figures from one of the debt agencies ( Pay plan) show an increase in the numbers of people approaching them for help . The Councils Welfare Reform Board(see below) is developing financial inclusion plans and working with Bridges Credit Union to increase capacity in the city

See also JSNA –SOCIAL ISOLATION FOR MORE DETAILS

### **3) Current services in relation to need**

Sunderland City Council has a Welfare Reform Project Board which has been meeting monthly since December 2011 bringing together Partners to discuss the effects of the Welfare Reform changes and how best to identify and work with those families affected. Preparations commenced early with various practitioner groups being involved in putting appropriate mechanisms into place ready for the April 2013 commencement date of the Social Fund and also leading up to and beyond the introduction of Universal Credit.

Successful services in relation to need are

- Specialist front line staff fully trained in Welfare Reform changes and where to signpost people for relevant help
- Team of knowledgeable Customer Service staff who deal with calls to the “Home and Money” line and know where to signpost people for help in different areas
- Strong relationship with the Food Parcel Network to support people who can't be helped under the Council's Local Welfare Provision Scheme
- Experienced staff dealing with calls for Community Care and Crisis Support assistance identifying who can be assisted and who should be signposted elsewhere to try to obtain help
- Speedy resolution of claims for Local Welfare Provision with most food parcels being delivered within 24 hours and furniture packages within 3/10 days depending upon urgency
- Excellent knowledge of 1<sup>st</sup> tier advice providers and where to signpost customers for relevant help
- 3 x Benefit Cap Advisors, funded by DWP. The main role of the Advisors is to help families manage the transition of reduced income from the Benefit Cap The
- Advisors are allocated families and work with them individually to help them stay in their home with reduced income by working with Landlords, Employment Advisors and Training Organisations to address how best to relieve the situation for each family.
- The Advisors work in Partnership with Employment Advisors at Jobcentre Plus to assist people with obtaining employment. They will help their families by finding the best route to enable them to obtain work, arrange relevant training, financial help, including travel and childcare costs. They also assist in negotiating lower rent payments with Landlords or assist in locating cheaper alternative accommodation. The Advisors are being funded from the Councils Welfare Reform budget from 2014/15 to provide a wider role, including support for financial inreach, and supporting the development of the Local Support Services Framework
- Team of staff dealing with requests for Discretionary Housing Payments so that they can be dealt with quickly to help those in most need.
- Working closely with all Registered Social Landlords to identify vulnerable people who are in greatest need of assistance and obtaining information to support claims for Discretionary Housing Payments etc

- Improving customer access to appropriate advice and information sources, consistent with the Councils Customer Access Strategy, Self-serve resources have been improved and developed, and work undertaken to develop and support both mediated access provision, in turn freeing up 1<sup>st</sup> tier and specialist resources to undertake more complex and appropriate work ( SEE JSNA SOCIAL ISOLATION FOR MORE DETAILS )

#### **4) Projected service use and outcomes in 3-5 years and 5-10 years**

##### **Financial**

- A large proportion of Sunderland's residents will be facing a number of challenges to their incomes in the coming months and years. The level of the challenge faced by individuals will inevitably be impacted by, and impact on the wider economy of the city.
- Many people in the city are likely to see their financial situation impacted by the Welfare Reform changes. The reforms will affect people of working age more than the retired, with the purpose and stated intention for many of the changes being to reduce benefit dependency and to make work pay.
- Ultimately the intention is to introduce Universal Credit by 2017 to cover 6 different means tested benefits / tax credits for working age claimants -including, housing benefits.
- Many people will need entry level and part time employment as they move from benefits into work. Many people will need training and skills qualifications to enable them to compete for work. The issue of what support will be provided with childcare through Universal Credit needs to be carefully monitored. The Government's approach could make it hugely financially challenging for some parents to return to work, and additional support may be required.
- It is essential that support mechanisms which have been introduced to help people into work remain available in the following 3 -5 year period. Some of the families who have come from a "worklessness" background will take time to gain the skills or qualifications needed to enable them to compete in the marketplace. They also need access to excellent advice and support to help them be aware of what help is available to them i.e. travel and childcare costs, will they be entitled to Tax Credits etc. Having access to Advisors skilled in this area will help the family with the journey into work.
- Support Credit Unions to help provide affordable bank loans avoiding alternatives such as payday loans or loan sharks
- Universal Credit will be a major challenge for people with radical changes in the way support is accessed. Customers will be expected to access support digitally, and manage less frequent payments
- DWP will be working with Local Authorities to develop Local Support Services Frameworks; however in most areas these will not be due for implementation until 2015-2016 onwards.

##### **Family**

- It is important to note that there may be a variety of less obvious impacts of changes to the housing benefit system on individuals. It had been suggested that single parents 25-35 who are forced to move to shared accommodation could lose weekend access rights to their children. Families who need to move to smaller accommodation might experience the variety of problems associated with over crowding, including impacting on educational attainment of children.
- Some people are likely to face increased stress and mental health issues both because low incomes, increasing debt and financial insecurity and threat to their

existing benefit entitlements

- People who do not find employment and remain dependant on benefits are likely to become “poorer “in relative terms compared to their situation now.
- Research indicates that the current pressures that communities are facing, including changes in legislation around housing and welfare reform, increasing costs, and reductions in services, impacting households as they do in a variety of ways, all have the potential to trigger community decline.

### **5) Evidence of what works**

Figures provided by the Benefit Cap Advisors prove that individual allocated help does work. 67 families from 71 contacted have engaged with the Advisor and although it is early days approx 30% have commenced training either through a training agency or at college.

Engaging men has been easier when offering training on what is seen as traditional men’s work i.e. fork lift truck training, garage mechanic etc rather than trying to engage them in training in personal care.

Being knowledgeable on what types of help is available and can be claimed is essential as it eases the burden on families knowing that they do not have to find travel costs, childcare costs or even lunches. These facts are what can break down the barriers to someone making the first move into seeking employment by removing worry or anxiety over whether it would be affordable.

Working in Partnership with RSL’s is also working in that the number of Mutual Exchanges between tenants has rocketed. Working together it has been possible to award a Discretionary Housing Payment to cover the shortfall in the rent caused by the Under Occupancy charge until the move has been finalised thereby reducing the worry of increasing rent arrears for the customer.

Improving customer access channels to advice, information and guidance ( See JSNA-SOCIAL ISOLATION)

### **6) User Views**

- Significant engagement has taken place including:
- 2 city wide consultation exercises
- Membership of the Faith Group Food Parcel Network
- Attendance at DIAG/LGBT Groups etc
- Engagement/feedback from Members via workshops/Labour Group/People Boards
- Feedback workshops with GP Practice Managers
- Feedback workshops with Head Teachers
- Feedback workshops with 200 +Children’s/Adults professionals

### **7) Equality Impact Assessments**

Access to the Benefits Service

Discretionary Housing Payments

Community Care and Crisis Support

<b>8) Unmet needs and service gaps</b>
<p>Identifying unmet needs and service gaps is crucial to the way forward.</p> <ul style="list-style-type: none"> <li>• Investment and support for the Credit Union would fill a large gap in providing affordable loans for low income families. It would be the preferred alternative to driving the most vulnerable of our customers down the route of pay day loans or loan sharks</li> <li>• Continuing the role of individual Advisors working with allocated families. This has been a gap in the market as the customers are receiving advice from the Advisors that they are not obtaining from their Employment Advisor.</li> <li>• Increasing the availability of budget management classes and debt advice sessions to help people learn the skills needed to budget for their income, including repaying outstanding debts</li> <li>• Further development and improvement of self-serve and mediated access provision to improve financial inclusion and as a precursor to the successful implementation of Universal Credit is planned</li> </ul>
<b>9) Recommendations for Commissioning</b>
<p><b>Financial/Family/Household</b>  Refreshed data is an essential component of the next JSNA refresh  Review of funding/interventions/outcomes</p>
<b>10) Recommendations for needs assessment work</b>
<p><b>Financial/Family/Household</b>  Refreshed data is an essential component of the next JSNA refresh  Review of funding/interventions/outcomes</p>
<b>Key contacts</b>
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