

Cheshire East Council

Cabinet

Date of Meeting: 8th November 2016

Report of: Chief Operating Officer

Subject/Title: The Local Welfare Safety Net

Portfolio Holder: Councillor Peter Groves, Finance and Assets

1. Report Summary

- 1.1 The Government's Welfare Reform represents the most fundamental changes to the benefits system in a generation, delivering £16bn in welfare savings in the last Parliament with a further £12bn of welfare savings expected in this Parliament. It has affected 45% of all households, and it is estimated that the combined impact resulted in an average loss of £1,615 per claimant household per year in 2015/16. The reforms have also introduced more distinct responsibilities between central and local government for welfare provision. DWP provide the spine of employment and housing support through Universal Credit, with discretionary welfare support devolved to local government.
- 1.2 Cheshire East Council is committed to building strong and supportive communities (outcome 1), helping residents to help themselves, enabling them to be self-reliant and not be dependent on welfare and public services but be part of a thriving and supportive community.
- 1.3 This report seeks to provide an overview of the findings and recommendations of the Welfare Reform Working Group that was tasked with developing a strategy to deliver a whole system response to support residents facing financial hardship as a result of welfare reform, engaging with partners and other agencies for prevention, early intervention and crisis support. The strategy, called ***the Cheshire East Local Welfare Safety Net***, is provided as an appendix to this report.

2. Recommendation

- 2.1 Cabinet endorse the strategy for local welfare support and authorise the Chief Operating Officer to take all necessary actions to implement the strategy.

3. Reasons for Recommendation

- 3.1 Through its welfare reforms the government has attempted to establish clearer lines of responsibility between central and local government for welfare provision. DWP will provide the spine of employment and housing support through Universal Credit, with discretionary welfare support devolved to local government.
- 3.2 The abolition of the DWP's crisis loans and community care grants from April 2013 transferred responsibility and funding for discretionary welfare support to local authorities. DWP provided transitional grant funding for local welfare provision in 2013/14 and 2014/15, but from 2015/16 the funding was included in councils' revenue support grant (RSG) and so the funding will reduce in line with overall reductions to the RSG.
- 3.3 In Cheshire East, we established the Emergency Assistance scheme to support vulnerable people facing immediate hardship, to prevent homelessness, and to keep families together. The scheme provides rent deposits, furniture and white goods (recycled where possible) and emergency food (through local food banks where possible). Unlike the former crisis loans and community care grants administered by the DWP, it does not provide cash.
- 3.4 The Council has no budget allocated to local welfare provision in 2016/17 and beyond. Given the uncertainty over future funding the scheme under spent against its budget in the first two years and an earmarked reserve was created to provide funding for the scheme in 2015-16 and 2016-17. There is currently no budget or reserve to fund local welfare provision from April 2017.
- 3.5 The Welfare Reform Working Group was set the objective to develop a strategy to deliver a whole system response to support residents facing financial hardship as a result of welfare reform, engaging with partners and other agencies for prevention, early intervention and crisis support. The Group has reported its findings and recommendations in its report titled ***The Cheshire East Local Welfare Safety Net*** which is provided as an appendix to this report.
- 3.6 The Working Group included officers from a broad range of front-line Council services, Cabinet Members and key partners including DWP and Citizens Advice Services Cheshire East. They sought to understand what systems and schemes are already in place to support residents affected by welfare reform, where there are gaps and where there are opportunities for improvement. The Group considered that the strategy must deliver against the following objectives:
 - Help people to get into and stay in employment
 - Support people who are unable to access employment
 - Enable access to affordable housing
 - Develop self-reliance and financial responsibility
 - Provide a safety net to prevent crisis

- 3.7 The key recommendations of the strategy are provided below.
- 3.8 **Recommendation 1** – Commission the new Skills and Growth company to develop a “Pathways to Work” programme, providing employment strategies for individuals and improved coordination of services available within Cheshire East to tackle barriers to work and help residents find sustained employment.
- 3.9 **Recommendation 2** – Undertake a review of the Council’s debt recovery processes to identify opportunities for early intervention, promoting the support available to help residents manage their money and tackle debts.
- 3.10 **Recommendation 3** – Undertake a review of the Emergency Assistance scheme, consulting with residents and stakeholder groups to ensure the scheme is meeting need and providing value for money.
- 3.11 **Recommendation 4** – Establish a small team of Key Workers within the Benefits service to take a more proactive approach to engage with people at risk of crisis when they apply for financial support. This team of Key Workers will coordinate and lead support to tackle the root causes of the crisis, built around individual’s capability and need, with a relentless focus on stopping people disengaging. This could include linking the retention of the financial support to continued engagement. The team would also undertake a review of the support available to ensure that commissioned and community based support is comprehensive, relevant and providing value for money. Additional support may be commissioned if any gaps are identified.
- 3.12 **Recommendation 5** – Identify and proactively engage with residents and households that will be impacted by future reforms, in particular the new benefits cap, to help them understand the changes, how it will affect them and the support available to them.
- 3.13 **Recommendation 6** – £300k is included within the Council’s budget from April 2017 for the local welfare safety net, reducing to £250k in 2018/19 and 2019/20. This budget will be used to fund the Emergency Assistance scheme and intervention and prevention activities, including those recommended above, to help prevent poverty and reduce future demand for crisis support. It is not expected that the recommended “Pathways to Work” programme would be funded from this budget.

4. Other Options Considered

- 4.1 The Council could opt to not invest in local welfare support, but there is strong evidence that there is a compelling business case for investing public resources into helping people thrive and preventing poverty rather than having to spend money picking up the pieces of lives broken by poverty. The Joseph Rowntree Foundation estimate that the total public service costs of poverty in the UK amount to around £78 billion, with a large proportion of public spend (about £1 in every £5 spend on public services) making up for the way that poverty damages people’s lives.

5. Background/Chronology

- 5.1 The Welfare Reform Working Group was initially established in 2012 to monitor Government's Welfare Reform programme, in particular the impacts on the residents of Cheshire East and the delivery of Council services, and contribute to the development of local policies. The Group contributed to the development of the local Council Tax Support scheme and Emergency Assistance scheme that were implemented from April 2013 to replace Council Tax Benefit and the Community Care Grants and Crisis Loans that were part of the Social Fund previously administered by the DWP.

6. Wards Affected and Local Ward Members

- 6.1 All wards and all ward members.

7. Implications of Recommendation

7.1 Policy Implications

- 7.1.1 The Council's Corporate Plan 2016-20 sets out the five outcomes that demonstrate how Cheshire East Council will put the residents of Cheshire East first in the way that services are provided. The implementation and development of the Local Welfare safety Net will directly contribute to the achievement of Outcome 1 – Our local communities are strong and supportive. This outcome is focused on helping residents to help themselves, enabling them to be self-reliant and not be dependent on welfare and public services but be part of a thriving and supportive community.

7.2 Legal Implications

- 7.2.1 There are no specific legal implications in Cabinet accepting the recommendations. Council can rely on the general power of competence contained in section 1 of the Localism Act 2011 as authority to implement the recommendations.

7.3 Financial Implications

- 7.3.1 The Council has no budget allocated to local welfare provision in 2016/17 and beyond. Given the uncertainty over future funding the scheme under spent against its budget in the first two years and an earmarked reserve was created to provide funding for the scheme in 2015-16 and 2016-17. There is currently no budget or reserve to fund local welfare provision from April 2017.
- 7.3.2 The strategy recommends that £0.3m is included within the Council's budget from April 2017 for local welfare provision, reducing to £0.25m in 2018/19 and 2019/20. This budget will be used to fund the Emergency Assistance scheme and a range of intervention and prevention activities.

7.3.3 A proposal has been included within the Council's 2017/18 business planning process and will be subject to consultation and review as part of the Council's budget setting process. If the proposal is not accepted the Emergency Assistance scheme will not be funded from April 2017 and the scheme will cease.

7.3.4 The recommended "Pathways to Work" programme would not be funded from this budget. Funding for a new programme of this nature would need to be considered by the commissioners within the Places directorate responsible for the commissioning of the Skills and Growth company.

7.4 Equality Implications

7.4.1 The objective of the Local Welfare Safety Net is to support all residents facing financial hardship as a result of welfare reform. As a consequence there are no equality implications resulting from its implementation and the continued funding of the Emergency Assistance scheme.

7.5 Rural Community Implications

7.5.1 There are no specific implications to the rural community that would result from the implementation of the Local Welfare Safety Net.

7.6 Human Resources Implications

7.6.1 None

7.7 Public Health Implications

7.7.1 Socioeconomic deprivation is a critical determinant of health and the link between good employment and health is well established. There is therefore a need for residents to be supported in successfully managing welfare reform in order to ensure that any negative health and wellbeing impacts are mitigated. Furthermore, such support can reasonably be expected to deliver cost savings to the authority by averting the need for more costly interventions in the near and distant future.

7.8 Other Implications (Please Specify)

7.8.1 There are no additional implications to consider.

8. Risk Management

8.1 Failure to provide local welfare support could lead to increased incidents of poverty amongst Cheshire East residents. There is a compelling business case to invest in preventing poverty rather than spending money on the consequences of poverty.

8.2 There is a reputational risk from the Council not providing local welfare support.

9. Access to Information/Bibliography

- 9.1 The background papers relating to this report can be inspected by contacting the report writer.

10. Contact Information

Contact details for this report are as follows:-

Name: Paul Bayley
Designation: Head of Customer Services
Tel No.: 01625 378029
Email: paul.bayley@cheshireeast.gov.uk