



The Cheshire East Local Welfare Safety Net

Final Report

October 2016

1.0 Introduction

- 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.
- 1.2 Research published by the Learning and Work Institute estimated that the combined impacts of welfare reform resulted in an average loss in 2015/16 of £1,615 per claimant household per year (£31 per week). The reforms have affected 45% of all households, and the majority (60%) are households where someone works.
- 1.3 The Cheshire East Welfare Reform Working Group was 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.
- 1.4 In January 2016, the Group was tasked with reviewing local welfare support against the context of further planned reforms and to develop the Local Welfare Safety Net in Cheshire East, with the following goal:

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.

- 1.5 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 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.
- 1.6 Membership of the Working Group was reviewed and extended to include officers from a broad range of front-line Council services, Cabinet Members and key partners including DWP and Citizens Advice Services Cheshire East. The Working Group 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. This report provides an overview of the findings of the Working Group and their recommendations to develop a comprehensive Local Welfare Safety Net for Cheshire East.

2.0 Welfare Reform

2.1 The Welfare Reform Act 2012 introduced the first wave of reforms.

Welfare Reforms introduced in 2013

Universal Credit was launched to replace a mix of out of work and in work working-age benefits - Jobseeker's allowance, Employment and Support Allowance, Income Support, Working Tax Credit, Child Tax Credit and Housing Benefit. Universal Credit was initially introduced for new single claimants only before being extended to couples and families in some areas.

Council Tax Benefit was replaced with local authority administered schemes for working age claimants. The Cheshire East **Council Tax Support** scheme introduced a maximum award of 80%, reduced to 75% from April 2016.

Introduction of £26,000 **Benefit Cap** to limit the total amount of benefits that working age people can receive. In April 2016, 33 households in Cheshire East were subject to the benefit cap.

Removal of Spare Room Subsidy reducing the amount of Housing Benefit a working age claimant is entitled to if they live in the social rented sector and have a spare bedroom. In April 2016, 1,417 claims for Housing Benefit in Cheshire East were under-occupying by 1 or more bedrooms.

Abolition of discretionary Social Fund Crisis Loans and Community Care Grants administered by DWP and transfer of funding to local authorities to provide local support. Cheshire East established the **Emergency Assistance** scheme in April 2013 to support vulnerable people facing immediate hardship, following a crisis or disaster, to prevent homelessness, and to keep families together and safeguard vulnerable people.

Introduction of PIP (Personal Independence Payments) to replace DLA (Disability Living Allowance) for new claimants, including complex capability assessments, particularly for people with learning difficulties. There have been widely reported delays in the wait time assessments, with some claimants waiting up to 6 months during which time they are only entitled to the lowest rate.

Other measures designed to reduce the coverage and value of working-age benefits, including restricting annual uprating of many working age benefits to 1%; lowering the rates for Local Housing Allowance; restrictions on working tax credits; the replacement of Disability Living Allowance with Personal Independence Payments.

2.2 The 2015 Welfare Reform and Work Bill introduced further reforms that will be introduced during this Parliament.

Further Welfare Reforms to be introduced from 2016

Reforms to Tax Credits, including restrictions in child tax credit to two children and the removal of the family element from 2017.

Child allowances will no longer be applied for the third and subsequent children born after 6 April 2017 in claims for child tax credit, housing benefit and universal credit, although there will be provision for "exceptional circumstances", such as multiple births. This will also apply to families claiming universal credit for the first time after April 2017.

Reduction in the Benefit Cap from £26,000 per year for families and £18,200 for single people to £20,000 for families and £13,400 for single people outside London from Autumn 2016. 359 households in Cheshire East will be affected by the lower benefit cap.

Reduction in rents in social housing by 1% for four years resulting in a 12% reduction in average rents by 2020-21.

Housing benefit for social rented sector tenants will be subject to the same local housing allowance rates as currently apply to housing benefit claims in the private rented sector. Tenants will be required to fund any shortfall between the benefit they receive and their rent.

Removal of housing benefit for under 21s

A freeze in the rate of working-age benefits through to April 2019.

From 2017 new benefit claims by all groups will be for Universal Credit not existing benefits and tax credits. Existing benefit and tax credit claimants who do not have a change of circumstance will not be affected until 2018 at the earliest. It is expected that the bulk of existing claims will be migrated to Universal credit in 2019/20.

- 2.3 Welfare reform has 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.

3.0 Assessing the impact of Welfare Reform on Cheshire East residents

- 3.1 The Council's Research and Consultation team have undertaken research to understand how Cheshire East residents have been impacted due to changes in both national and local welfare policy since 2012/13.
- 3.2 Overall, the number of residents claiming Job Seekers Allowance (JSA) or Universal Credit has approximately halved since 2013, from 5,665 (2.5% of the working age) in January 2013 to 2,550 (1.1%) in May 2016, which is lower than the national average (3.8% to 1.7% of the working age). In proportional terms, the decrease is similar to the national average, a 55% reduction for Cheshire East compared to 53% nationally.
- 3.3 Despite the introduction of Universal Credit in Cheshire East for new claimants in 2014, replacing JSA, the latest data (November 2015) shows there to be 390 residents in receipt of JSA for more than a year, 80 more claimants than February 2009. However, this figure is much lower than the peak of 1,385 claimants in April 2013.
- 3.4 The number of residents claiming incapacity benefits (IB or ESA) has increased, from 4,210 in February 2013 to 5,530 in November 2015, this represents an increase from 1.8% of the working age to 2.4%. This increase is similar to the national picture, where the proportion has increase from 2.4% to 3.3% of the working age. Nearly twice as many working age adults are therefore unemployed with a disability or health condition than on JSA in Cheshire East.
- 3.5 The decrease in the proportion of residents claiming out-of-work benefit is disproportionate across Cheshire East. For those people living in the least deprived areas - those in the 40-100% least deprived areas - which represents the bulk of Cheshire East residents, the proportion of people claiming any out-of-work benefit has decreased by a fifth (21%) from 6.3% (Q1 2013) to 5.0% (Q1 2015). For those people in the most deprived 10% of areas nationally, which includes six areas of Crewe, the proportion has decreased by a quarter (25%) but is still high compared to other areas, a reduction from 23.8% to 17.8% of people of working age.
- 3.6 The number of households in receipt of housing benefit has declined by approximately 13%, from 19,765 in January 2013 to 17,245 in April 2016, which is a greater decrease than the national average of 7%. In Cheshire East the household type with the largest proportional decrease was couples with dependent children, a decrease of 18% compared to a national decrease of 3%. However, this group only accounts for a small number of the total Cheshire East claimants, from 2,198 in January 2013 (11% of the total) to 1,805 in February 2016 (10%). Single parents accounts for 24% of the total Cheshire East claimants (4,100); this group has decreased by 10% since 2013 compared with a national decrease of 4%.
- 3.7 There are also 6,300 households receiving Council Tax Support which will be owner-occupied houses in receipt of other state benefits or in receipt of low income or earnings.
- 3.8 The rate of households who successfully made a claim through the Council's Emergency AssistanCE scheme is highest in areas of Crewe and Macclesfield. The ward with the highest rate of claimants per households was Crewe Central, with 62

successful claimants per 1,000 households. This rate is approximately five times that of the Cheshire East average

- 3.9 The number of homelessness interventions has broadly been increasing from 462 in 2013/14, to 876 in 2015/16. Whilst this may suggest that the need for homelessness prevention has increased over time, the increase can generally be considered positive, as it suggests that more households have been prevented from being homeless.
- 3.10 Rent Arrears for two of the three main registered housing providers appear to be decreasing, although more information is being sought from the providers to understand this in detail, including the impact of the Bedroom Tax (or Spare Room Subsidy).
- 3.11 The total number of children eligible for free school meals has decreased, from 9.6% of all children in January 2013 to 8.5% in January 2015. This January 2015 figure is lower than both Cheshire West & Cheshire (11.6%) and the North West (17.3%)
- 3.12 On the 30th September 2015 the latest Indices of Deprivation were released. The overall picture is mixed, although Crewe in particular appears to be relatively more deprived. The concentration of areas in the most deprived 10% of areas nationally has remained broadly the same, namely within Crewe Town. In 2015 there are 18 small areas in the most deprived 20% of areas nationally; this is an increase from 16 areas in 2010.

4.0 Delivering and Funding Local Welfare Provision

- 4.1 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. It was intended that this new support, commonly referred to as local welfare provision, should be aligned with other services councils provided such as housing and social care.
- 4.2 In Cheshire East, we established the Emergency Assistance scheme. The purpose of the scheme is to provide support for the most vulnerable residents facing immediate short-term needs in an emergency or as a consequence of a disaster. Support provided through the scheme is intended to support vulnerable people facing immediate hardship following a crisis or disaster, to prevent homelessness, and to keep families together. Alternatively support may be required to assist vulnerable people to return to or remain in the community or to ease exceptional pressure on families. 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. The below table provides a summary of the number of awards made under the scheme since it was established in 2013.

Emergency Assistance Claims 2013-16

	Total Claims	Total Awards	Total expenditure	Expenditure by category			
				Furniture & white goods	Rent deposits	Emergency food	Other
2013-14	1,866	911	£410,181	£209,123	£182,677	£11,471	£6,911
2014-15	1,770	829	£417,502	£242,610	£156,771	£7,019	£11,102
2015-16	1,368	675	£273,782	£186,010	£71,758	£6,170	£9,845

- 4.3 For 2013-14 and 2014-15 the DWP provided transitional grant funding for local welfare provision. From 2015-16 the government included the funding for local welfare provision in councils' revenue support grant. DWP gave councils a total of £141 million in 2013-14 for local welfare provision and £30 million to administer it. For 2016-17, £129.6m was allocated in the revenue support grant (RSG), but this will reduce over coming years in line with the overall reductions to the RSG. The DWP spent £177m on crisis loans and community care grants in 2012-13.
- 4.4 Cheshire East received transitional funding of £612k in 2013-14 and 2014-15 for its local welfare provision through the Emergency Assistance scheme. In 2015-16 no specific grant for local welfare provision was received and the transitional funding of £612k was removed from the Council's budget. 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.
- 4.5 Our neighbouring local authorities have faced the same challenge to establish local welfare provision in 2013 and now face the same funding challenge. Cheshire West and Chester, Warrington and Halton have all confirmed that their existing local welfare schemes will continue into 2017-18.

- 4.6 The National Audit Office published a report in January 2016 examining how English councils had implemented local welfare provision since April 2013 and the challenges councils face sustaining provision. They found that most councils spent less on local welfare provision than they were given because they were concerned about high demand and uncertain about funding after 2014-15. They also found councils provide different types and levels of support, but most commonly they provide furniture, white goods, food and fuel support. Councils generally provide goods in kind rather than cash as this reduces the scope for fraud and targets needs. It also reported that since April 2015 some councils have stopped or curtailed the provision they introduced in 2013 because there is no longer specific grant funding.
- 4.7 DWP published in July 2016 a report of research carried out by the Learning and Work Institute, BMG Research and Policy in Practice into the evaluation of the 'Universal Support – delivered locally' trials which ran in eleven local authority areas between September 2015 and November 2015. The trials were intended to test how best to identify, engage and support those who may have transitional personal budgeting or digital support needs for making and managing a claim for Universal Credit. The trials targeted particular claimant groups, such as those with problem debt, or was more universal, for example by screening new benefit claimants. Key to effective engagement was how the support was "sold" to the claimant – face to face contact with approachable and informative staff seemed most likely to lead to engagement of vulnerable claimants, who were then more likely to disclose information and build up trust. Cheshire East was not a participant in these trials but there are potential lessons for prevention and intervention activities that may be undertaken as part of our local welfare provision:
- Integrated and aligned support – not just leaflets and phone numbers
 - 'Staged' support, built around individual's capability and need, focused on highest priority needs first with each stage leading on to the next
 - Having the right quality support to refer to
 - Relentless focus on stopping people for disengaging – warm handovers, information sharing, regular contact, etc.
 - All of which works better where a key worker coordinates and leads.
- 4.8 Socioeconomic deprivation is a critical determinant of health and the link between good employment and health is well established (*The Marmot Review, 2010 - Fair Society, Healthy Lives. Strategic Review of Health Inequalities in England post-2010*). 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.
- 4.9 Poverty has been estimated to cost the UK public purse £78 billion (£69 billion with a further £6 billion for the knock-on effects on child poverty and for adults a further £2.7 billion), the largest components of this being health, schools, police & criminal justice and children & families (*Bramley G, Hirsch D, Littlewood M and Watkins D, 2016 - Counting the cost of poverty. Joseph Rowntree Foundation*). Knock on effects are far-reaching and include the need to manage poorer physical and mental health and even future lost tax revenues due to lower adult income associated with

childhood poverty. Crucially, interventions to support individuals and families have been shown to be not only cost effective but also cost saving. For example, programmes getting disadvantaged people back into work have been estimated to return £3 (through prevention of homelessness, crime, future need for benefits and health impacts) for every £1 spent (*The King's Fund, 2014 - Making the case for public health interventions*). Other schemes offering employment support have been found to generate £17 social return for every £1 spent through volunteering, reduced demand on services and increased taxation (*Public Health England and UCL Institute of Health Equity, 2014 - Understanding the economics of investments in the social determinants of health*).

5.0 Review of current local Welfare Provision

- 5.1 The Council has set a goal 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 considered that the whole system response must deliver against each of the following objectives. The first four objectives are focused on prevention and early intervention, with the final objective intended to provide the safety net to catch residents at risk of crisis. The following section of this report describes the existing services available to residents affected by welfare reform against each of these objectives.

1. Help people to get into and stay in employment

2. Support people who are unable to access employment

3. Enable access to affordable housing

4. Develop self-reliance and financial responsibility

5. Provide a safety net to prevent crisis

Help people to get into and stay in employment

- 5.2 Through Job Centre Plus, DWP help people of working age find employment and administer claims for benefits including Job Seeker's Allowance, Employment Support Allowance and Universal Credit.
- 5.3 After an individual has been claiming Job Seeker's Allowance for an extended period Job Centre Plus can refer them to the Work Programme. The Work Programme was launched in 2011 aimed at getting unemployed people into sustained work. Claimants over 25 years of age are typically referred after 12 months, with claimants aged 18-24 referred after 9 months. The Programme uses providers from the private and public sector to provide assistance with work readiness (e.g. CVs, work experience) and tackle barriers to employment (e.g. language, drugs, alcohol, mental health, and homelessness). The providers are primarily paid for defined outcomes related to sustained employment. The Work and Health Programme will replace the Work Programme in 2017. Eligibility for the new programme will be more restricted, targeted at claimants with health conditions or disabilities and those unemployed for over two years. Jobcentre Plus will support all other claimants up to their eligibility for the Work and Health Programme.
- 5.4 Work Choice, commissioned by DWP, is a programme to help residents find and keep a job if they are disabled and find it hard to work. It is a voluntary scheme delivered in Cheshire East by the Council's Supported Employment team who are contracted to deliver the service by the Shaw Trust. Work Choice is primarily an employment scheme and the targets are paid jobs of at least 16 hours per week. The team set up and support work trials and placements to gain on the job skills. Referrals are often received from the Council's SMART teams (Social Work Teams) and Reablement teams.

- 5.5 The Skills and Growth Company is a new Cheshire East Council “arms-length” company bringing together skills and growth services under one structure. The Skills and Growth Company aligns all activities to a common goal: To get people into work, increase their skills and ensure businesses thrive, creating jobs, innovation and growth opportunities. As such, the company offers a new opportunity to review and align skills and employment related services across the council towards a common goal.
- 5.6 The Council provides a range of activities and services to develop skills for work. The Lifelong Learning and Adult Education service work with local organisations to create learning opportunities ranging from accredited vocational programmes to practical fun courses that widen participation in learning and improve employability.
- 5.7 Children’s Centres provide a range of activities that support parents and carers to access training and employment. Youth Support Services provide focused support for NEET (Not in Education, Employment or Training) young people and those who have a learning difficulty. The Council is also committed to supporting more carers into work through the Carers’ Employment Service.
- 5.8 The Council, along with other local employers, provides Apprenticeships for young people aged 16 and over. Apprentices are given a one year temporary contract for a 37 hour week and an apprenticeship wage that allows six hours per week studying for a National Vocational Qualification (NVQ). The Council has also developed a Social Value policy for its commissioning and procurement activity that includes encouragement for social employment opportunities such as creating apprenticeships for young Cheshire East residents and creating new job opportunities in the borough.
- 5.9 The Council’s Adult Services commission work to support disabled customers in community initiatives and community enterprises which support preparation for the world of work. Examples include Macclesfield Community Garden Centre and Crewe Supported Community Business. Care4CE, the Council’s Adult Social Care provider service, also provide the Occupational Opportunities service supporting customers with severe and enduring mental ill health.
- 5.10 Work clubs and job advice clinics are available in a number of the Council’s Libraries and other community hubs. Work clubs, work placements and apprenticeships are also provided by local Registered Housing Providers, primarily targeted at their tenants.
- 5.11 Citizens Advice Services Cheshire East provides residents with employment advice, in work benefits advice, self-employment advice and support, and work related volunteering opportunities.

Support people who are unable to access employment

- 5.12 The DWP provides a range of disability-related financial support. The main disability and sickness benefits are:
- Personal Independence Payment (PIP) is a tax-free benefit for people aged 16 to 64 to help with the extra costs caused by long term ill-health or a disability.

Personal Independence Payment is gradually replacing Disability Living Allowance for Adults.

- Employment and Support Allowance offers financial support and work-related support.
- Carer's Allowance provides extra money to help look after someone with substantial caring needs.
- Disability Living Allowance for children is a tax-free benefit for children under 16 to help with the extra costs caused by long-term ill health or a disability.

5.13 The Council provides additional financial support for housing costs through Discretionary Housing Payments. These can be paid to support residents with disabilities who have been affected by welfare reforms such as the Removal of the Spare Room Subsidy. Disabled Facilities Grants can also be claimed towards the cost of adapting a home of a disabled person.

5.14 Within the Adult Social Care team, Financial Coordinators works with residents to undertake a financial assessment and welfare benefit check to determine a person's ability to pay for support and care packages provided by the Council. Charges are re-assessed for residents whose income is reduced as a result of welfare reform. A Money Management service can be provided for individuals who do not have the capacity to manage their own finances.

5.15 Citizens Advice Services Cheshire East provides advice and support to ensure residents with disabilities are receiving all benefits and income support they are entitled to.

Enable Access to Affordable Housing

5.16 The Council is committed to helping residents access affordable, appropriate and decent accommodation. The Council does not have any council housing of its own and does not operate its own council housing waiting list, but it partners with local Registered Housing Providers to offer access to affordable homes of people wanting to rent or buy a new home through Cheshire Homechoice. The Council also liaises with the Private Rented Sector to ensure that everyone in Cheshire East has the opportunity to live in a safe, warm and suitable home. The Housing Standards and Adaptations team ensure that housing is safe to live in, and that owners carry out their legal responsibilities to maintain the property.

5.17 Under Part VII of the Housing Act 1996 (as amended by the Homelessness Act 2002) the Council has certain responsibilities towards people who are homeless or threatened with homelessness. Generally, homeless people are those who have nowhere to stay or will have nowhere to stay within the next 28 days. The legislation directs who the Local Authority provides accommodation to.

5.18 Citizens Advice Services Cheshire East provides advice on housing and homelessness, including specialist Housing caseworker support.

5.19 Through the emerging Local Plan, however, the Council has acknowledged that there is a need to provide much needed affordable housing. The Council is keen to enable people to live independently at all stages of their lives and to reduce cultures of dependency. The Council is keen to enable people to buy a home of their own

and promote wider home ownership. It also encourages families to grow and move into homes that match their current and future aspirations. There needs to be a wider choice of housing that can support people when they are older and allow them to remain independent for as much of their life as possible. Affordable housing is a means of achieving these goals; it can support broader home ownership through initiatives such as housing designed specifically for first time buyers and can allow families to grow through fixed discount and shared ownership housing. Securing housing at the right price supports a flexible and dynamic labour market and enhances the wider growth agenda.

Develop Financial Responsibility and Self-Reliance

- 5.20 There is a broad range of money management and debt advice available to residents within Cheshire East.
- 5.21 Citizens Advice Services Cheshire East provides a Money Guidance Advice service, helping residents to set budgets, manage on their income, and tackle debts.
- 5.22 The Council's Housing Options team has a dedicated Money Advisor who provides advice and assistance regarding debts restricting access to housing or threatening any current housing situation. The Housing team also operate a Deposit Guarantee Scheme with Cheshire Neighbours Credit Union. Customers using the scheme are required to sign up to the Credit Union to repay a small amount each week to build up their own deposit over a 2 year period. Once the amount covered by the Council's bond has been saved this money is transferred to the landlord and the bond lapses.
- 5.23 Many of the Registered Housing Providers have Money Advice Officers providing basic money and budgeting advice. There are also several charities operating within the borough offering debt advice, including Step Change and Christians against Poverty.
- 5.24 Cheshire Neighbours Credit Union provides a wide range of practical, affordable and straightforward financial services. As a social enterprise they strive to improve and enhance the social, financial and economic well-being of their members by promoting sensible savings, prudent borrowing and affordable repayments on loans.
- 5.25 DWP is providing additional funding to help local authorities support new claimants of Universal Credit. The support includes Personal Budgeting Support to help claimants develop the confidence and motivation to manage their finances, and understand how Universal Credit changes affect them in terms of managing their money. The Personal Budgeting Support is provided by Citizens Advice Services Cheshire East, but referrals from DWP have been very low compared with expectations.
- 5.26 Financial education has formed part of the compulsory national curriculum since 2014. It is intended to equip students aged 11-16 with the financial skills to manage their money on day-to-day basis as well as to plan for future financial needs.

Provide a Local Safety Net to Prevent Crisis

- 5.27 The Council offers a range of financial support to residents facing crisis. The Emergency Assistance scheme provides support for the most vulnerable residents facing immediate short-term needs in an emergency or as a consequence of a disaster. Support provided through the scheme is intended to support vulnerable people facing immediate hardship following a crisis or disaster, to prevent homelessness, and to keep families together. Alternatively support may be required to assist vulnerable people to return to or remain in the community or to ease exceptional pressure on families. 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.
- 5.28 Discretionary Housing Payments and Section 13A Discretionary Discount for Council Tax may also be used to support residents facing crisis. These may be awarded as short term solutions to alleviate poverty and hardship and to give the claimant an opportunity to change their circumstances, e.g. find cheaper accommodation. They can only be used to help pay the rent for somebody who is already receiving some Housing Benefit. Discretionary Housing payments are administered by local authorities but funded by DWP. The Council receives an annual budget that it must not exceed. Section 13A Discretionary Discounts are funded by the Council.
- 5.29 The Council's Housing team can provide a limited amount of financial support through the Homelessness Prevention Fund. The fund is used to assist households facing homelessness to remain in their own homes or to access alternative accommodation if they have no other means of doing this themselves. Payments are limited to one per household within a two year period and are for a maximum of £600. Some of the Registered Housing Providers also have Hardship or Welfare funds available to their tenants.
- 5.30 In addition to financial support, the Council provides interventions for more vulnerable residents and families facing crisis. The Cheshire East Family Focus Programme, part of the Department for Communities and Local Government's (DCLG) national programme, helps families struggling to cope and to help troubled families turn their lives around.
- 5.31 The Council commissions Housing Related Support and Floating Support Services (formerly known as Supporting People services) to meet the council's homelessness duties and to meet the needs of service users with mental health and substance misuse issues. However, the value of these services was reduced from £2.1m to £1.1m from 2016/17 to contribute to savings to the Adult Social Care budget as these services were assessed as being of a lower priority than other Adult Social Care services. There is a risk that the proposed welfare reform to apply the Local Housing Allowance to social rented accommodation and supported accommodation could lead to providers being financially unsustainable which could lead to a shortfall between supply and demand.

6.0 Summary and Recommendations

- 6.1 The second wave of Welfare Reforms will be introduced over the next 12-18 months. While the impact of individual reforms is relatively small, the combined impact can be significant on individuals and families. It is estimated that 45% of all households in the UK have been affected by the reforms, with the average loss of income to a claimant household in 2015/16 estimated to be £1,165. This will increase as further reforms take effect.
- 6.2 The number of Cheshire East residents claiming welfare benefit is reducing. The number of residents claiming Job Seekers Allowance (JSA) or Universal Credit has approximately halved since 2013 and the number of households in receipt of housing benefit has reduced by 13%. However, there are currently almost 25,000 households in Cheshire East in receipt of one or more welfare benefit.
- 6.3 Welfare reform has provided clearer lines of responsibility between central and local government for welfare provision. DWP consider that they provide the spine of employment and housing support through Universal Credit, with discretionary welfare support devolved to local government. 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.
- 6.4 The Council has no budget allocated to local welfare provision in 2016/17 and beyond. The Emergency Assistance scheme is being funded from an earmarked reserve in 2016/17. 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.
- 6.5 Outcome 1 from the Council's Corporate Plan is to develop strong and supportive local communities, with individuals and families who are self-reliant and take personal responsibility for their quality of life. The Council has set the goal 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 Welfare Reform Working Group considered that a whole system response must deliver against each of the following objectives:
 - (1) Help people to get into and stay in employment
 - (2) Support people who are unable to access employment
 - (3) Enable access to affordable housing
 - (4) Develop self-reliance and financial responsibility
 - (5) Provide a safety net to prevent crisis
- 6.6 The DWP is responsible for helping people of working age find sustained employment. Job Centre Plus (JCP) provides the first point of contact for jobseekers and will signpost to complimentary contracted and non-contracted services available within the borough, but this is dependent on the knowledge of individual JCP members of staff. There are a broad range of discretionary services available to residents seeking employment or looking to improve their employment, however, there is limited coordination to match provision with to an individual's circumstances

and needs. The narrowing of eligibility for the new Work and Health Programme will also significantly reduce the proportion of job seekers receiving intensive support to tackle barriers to work and help find sustained employment.

- 6.7 Government policy and funding for skills and employment is encouraging greater integration of local services focussed around the individual. This is not only with the intention of managing scarce resources better, but also of limiting the number of public interventions necessary to support people to progress in their lives. We are in a period of significant change with a number of new programmes and initiatives, such as the Apprenticeship Levy and the Youth Obligation, which will reshape the skills and employment landscape at national and local level.
- 6.8 **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.
- 6.9 The DWP also provides the first point of contact for people eligible for disability-related financial support if they are unable to work. The Council provides additional discretionary financial support and helps to ensure residents are receiving all benefits and income support they are entitled to. There are also a range of national and local community and voluntary sector organisations, such as the Disability Information Bureau, providing support and advice to residents with disabilities.
- 6.10 The Council, working in partnership with social and private landlords, is the first point of contact for accessing affordable housing. It has, however, recognised the shortage of affordable housing within the borough, and will seek to address this need through the emerging Local Plan.
- 6.11 There are significant concerns over the impact of the planned welfare reform to apply the Local Housing Allowance to the social rented sector and in particular supported accommodation provision, and there is a risk that it could lead to providers being financially unsustainable leading to insufficient supply to meet levels of demand. There is no current mitigation for this risk and it will require careful monitoring to understand the impact and whether there will be a need in the future to subsidise supported accommodation through discretionary local welfare support if it is unsustainable from reducing levels of housing benefit.
- 6.12 There is a broad range of money management and debt advice available to residents to help them improve their financial responsibility, but these are mainly elective and are likely to be relied on to tackle a short term debt issue rather than develop long term financial capability.
- 6.13 The Council sends a Council tax bill to every household and raises invoices for other charges. When residents do not pay on time we initiate appropriate recovery action. We, therefore, have insight into those residents that are struggling to manage their money and pay their bills on time.
- 6.14 **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.

- 6.15 The Council provides a range of financial support to prevent crisis, but this provides temporary relief and generally leaves individuals to find their own solutions to the root cause of the crisis. There will be some individuals and families that receive more support from the Council or partner agencies through initiatives such as the Family Focus Programme or Supported Housing, but analysis of applicants to the Emergency Assistance scheme has told us that the majority are not receiving active interventions from the Council when they apply.
- 6.16 **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.
- 6.17 **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.
- 6.18 **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.
- 6.19 **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.

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