

Health Improvement Board

Date of Meeting: 28 November 2013

Title of Report: Welfare Reform - Update

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| Is this paper for: | Discussion | Decision | Information x |
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Purpose of Report: To update the Board on the two projects linked to the introduction of Universal Credit that Oxford City Council are running, together with details of work being undertaken to support those affected by them. The paper also touches on the work the county council is doing around the broader impacts of welfare reform and how those impacts are being monitored by other Boards and Partnerships in the county.

Action Required: The Health Improvement Board may want to consider its role in monitoring the impacts of welfare reform going forward, bearing in mind the work of other Boards and Partnerships, for example the Adult Health and Social Care Partnership Board has agreed to monitor the specific impact on vulnerable adults.

Impact on users and carers: n/a

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(The paper will be presented at the meeting by Val Johnson, Partnership Development Manager, Oxford City Council and Alison Yates, Senior Policy Officer, Oxfordshire County Council)



Health Improvement Board

28 November 2013

Welfare Reform - Update

Background

The paper focuses on Oxford City Council as they are running two projects linked to the introduction of Universal Credit. It provides an insight into the impact of those changes, together with details of work being undertaken to support those affected by them. The paper also touches on the work the county council is doing around the broader impacts of welfare reform and how those impacts are being monitored by other Boards and Partnerships in the county.

This report also went to the Adult Health and Social Care Partnership Board on 10 October 2013 as a result of a discussion at its November 2012 meeting. Concerns were raised at that meeting by the Public Involvement Network Board Member on the impact of the reforms.

As many of the reforms were not introduced until April 2013 it was agreed that the October and November Board meetings would be the most appropriate at which to provide an update.

Introduction

Since 2010 the government have been carrying out a significant reform of the welfare system. There have been many changes to existing benefits, and preparation is ongoing for the introduction of Universal Credit which will see the six main means tested benefits rolled into a single system.

Underoccupancy Rules in Social Sector

New rules pertaining to the occupation of socially rented properties were introduced on 1 April 2013. This has become known colloquially as the "Bedroom Tax". These rules give an allowance for the number of bedrooms for which Housing Benefit can be paid based on the age and make-up of the household. If there is a spare bedroom then the maximum amount of benefit which can be paid is reduced by 14%. If there is more than one spare bedroom the reduction is 25%.

The typical profile of people affected by this change is individuals and couples who are over 45, and have had children who have left home. At the start of the year there were 956 households in Oxford City affected by these changes, of which 668 were Council tenants. This represented an annual loss in Housing Benefit of £534,000. However by the start of September, this number had reduced to 795. The reasons for this reduction are not known, and difficult to ascertain as there is continual change occurring within the benefit caseload. There are approximately 4 changes per year for each claim in Oxford.

The Welfare Reform Team at Oxford City have been providing advice to people affected by this measure and helping people to downsize where that is possible. Additionally households may have seen additional people move in. This could be where an adult child has moved back to the property, or where a lodger has been taken in. In 138 cases a Discretionary Housing Payment has been made to meet the Housing Benefit shortfall to give the claimant time to find a permanent solution. However the most common response from people affected by this change has been to say they will pay it themselves and cut spending elsewhere.

Benefit Cap

Over the summer a Benefit Cap has been introduced. This limits the total amount of benefit a household can receive to £500 per week for families or single parents, or £350 per week for individuals. The cap is applied by reducing a person's Housing Benefit award by the amount they exceed the Cap. There are two main exemptions to the Cap. One is where a member of the household is in receipt of qualifying disability benefits (such as Disability Living Allowance or PIP). The other is where the claimant, their partner, or both people combined, are working sufficient hours to entitle them to working tax credits.

In May it was expected that 166 households would be affected by the Cap in Oxford, 90 from the private rented sector and 76 from the social rented sector. This was based on data provided by the Department of Work & Pensions (DWP). The estimated loss of Housing Benefit annually was £1 million. However so far, only 99 households have been capped. The DWP are currently carrying out a review of cases to be capped, so it is possible that additional cases will be capped in October.

Of those cases that have been capped, the impact is as follows:

- 11 are losing over £200 per week in Housing Benefit
- 19 are losing between £100 and £200
- 24 are losing between £50 and £100
- 44 are losing under £50

The typical profile of people affected by the cap is a single parent with four or more children. It is the number of children which drive the higher levels of benefit which mean that such households are in receipt of more than £500 per week in benefits. The details of the work being carried out to support people affected by the cap is provided below.

Direct Payments Project

Oxford has been one of six sites participating in the Direct Payments Demonstration Projects which began in the summer of 2012. This is a DWP led project assessing the impact of paying social tenants their housing benefit. The project is being undertaken because Universal Credit will see most claimants receiving their benefit payment themselves, inclusive of housing support costs. Currently, nearly all social tenants have their Housing Benefit paid to their rent account.

The aim of the project is to inform the final design of Universal Credit, particularly the process of making payment to the claimant. The project will determine which categories of people might require a different arrangement for payment of their housing support and also what kind of assistance might be needed to help people manage direct payment of their housing support.

The projects have been extended by six months in order to assess how the welfare reforms introduced this year impact on people's ability to manage payment of their rent. In the first year of the project we paid 1,371 tenants their Housing Benefit directly. In the last two months payments have been made to a further 400 tenants following the project extension.

The impact on overall rent arrears of the direct payments project can be seen by comparing the arrears at the end of the last two years. For 2011/12 rent arrears were 1.7% of the rent roll. This increased to 2.6% for 2012/13. For those cases which had received a direct payment, arrears stood at 3.1% at the end of 2012/13. This year there has been a continuing reduction in arrears until the start of the extension period of the project. Following the introduction of direct payment for the 400 new cases there has been a small increase in arrears again.

It is interesting to note the impact of the under occupancy rules on people in the direct payments project. They seem to be coping with this change better than the other tenants who are affected. There are approximately 650 city council tenants affected by the under occupancy rules. A third of these are involved in the direct payments project. Those in the project have seen a 15% increase in arrears since the start of April. However for the 650 as a whole, arrears have increased by 25%. This would suggest that the financial capability of those subject to direct payment, has improved as a result of their participation in the project. There may be other factors at play though, so this will be monitored on an ongoing basis.

LA led pilot

Oxford is one of 12 LA led pilots in the country, each looking at how people claiming Universal Credit may need to be supported locally. The Oxford pilot is focussing on how people can be supported into work with a focus on those people affected by the Benefit Cap and the Under Occupancy rules in the social sector.

A team of five people was established to do this work, a project manager and four caseworkers. Although the aim of the pilot is to move people into work,

we are also considering other options for people such as moving to more affordable accommodation, or reducing expenditure so they can meet the shortfall in their rent.

An in depth interview is held when a claimant first engages with the team. The caseworker assigned to them then becomes their sole point of contact at the Council. The interview aims to establish any and all their barriers to work, and to work out a way forward for them to break down those barriers and undertake any other activity so they are able to sustain their tenancy or find a new one which is sustainable.

We are working with a number of partners to carry out the specialist work which is required to help someone into work, or resolve any barriers to work. Initially this was just Jobcentre Plus, Oxford CAB and Skills Training UK (who offer a mentoring program to help people into work). However this has been extended during the project to include Crisis Skylight, Aspire, Oxford & Cherwell Valley College and the Thriving Families programme.

To encourage people to work with the pilot, the team has been given responsibility for making Discretionary Housing Payment awards to those people in the pilot's scope. The Council's DHP policy has been amended this year and conditionality has been introduced to any award made. This means that a DHP award is conditional on certain activity being undertaken such as engaging with our partners to prepare for work, looking for alternative accommodation or reducing expenditure. If someone does not want to undertake this activity then they will not be awarded a DHP. This has proven very useful in getting people engaged with the work of the pilot. It has also helped change the culture of DHP payments in that they can no longer be seen as an ongoing solution to a shortfall in Housing Benefit. They are very much an interim solution to give people time to find a long term fix.

Up until the end of August, the pilot had engaged with 545 people of which 140 had been assigned a case worker and are working with the team on an ongoing basis. Of these 22 have secured employment have assessed 247 applications for Discretionary Housing Payment and made 160 awards. In addition in 395 cases housing or work related advice has been provided.

Local Support Services Framework

In February 2013, the DWP produced the Local Support Services Framework (LSSF). This was an offer to local authorities to help provide required services to support the front end of the Universal Credit application process. Services will be required to help people with the process of making an application, to ensure people are able to manage the single monthly payment (including housing costs), to help people access services digitally and to support people into work. The DWP intends that these services are provided by a local partnership including Jobcentre Plus, local authorities and any other organisation who are well placed to help provide some of the required services.

Following the delay in the rollout of Universal Credit, these services will not be required in Oxfordshire until April 2015 at the earliest. A second version of the LSSF is due to be published in November 2013, with a final version due in autumn 2014. These documents will help facilitate the formation of a local partnership to deliver the required services.

Activity at Oxfordshire County Council

In addition to the under occupancy rules in the social sector and the benefit cap, there are a number of other reforms that have been introduced, and are to be introduced, in Oxfordshire. These are listed in Annex 1.

The county council has established a group of lead officers from each directorate to monitor and plan for the impacts of the reforms. This ensures that directorates have the latest information on the changes and that feedback on the impact of the reforms from operational teams is shared.

Relevant teams are also working closely with partners, including district councils, to share information and knowledge. For example: the Children's Management Team is part of the Universal Credit Project Board chaired by Oxford City Council, receiving updates on the project's progress; both the Children's Management Team and the Thriving Families team are receiving data on families affected by City's pilots to ensure proper oversight; the Economy and Skills team, the Oxfordshire Skills and Learning Service, and the Library Service attend the 'Back to Work' group which is chaired by Job Centre Plus and directs funds received from the Skills Reward Grant.

Localisation of the Social Fund

From 01 April 2013, the discretionary elements of the Social Fund – which had been administered by DWP - were abolished. Oxfordshire County Council introduced a new scheme, run by Auriga Services Limited, to provide local welfare assistance to vulnerable people living in Oxfordshire.

The Fund supports vulnerable people living in Oxfordshire by helping to meet basic needs in a timely way. Assistance is mainly given through the provision of goods and services, although cash payments are available where goods and services are not appropriate.

The priority groups for assistance are: people establishing themselves in the community e.g. moving out of institutional or residential care; people who need help to remain in the community; and people who are facing exceptional pressure, particularly in the event of an emergency or a disaster.

Monitoring the impacts of welfare reform

The Health Improvement Board is monitoring the reforms as part of its responsibility for tackling the broader determinants of health through better housing and preventing homelessness. It is tracking indicators including the number of households homeless due to rent arrears, and the percentage of households that suffer from fuel poverty.

The Learning Disability Partnership Board has discussed the impacts of welfare reform, particularly around the roll out of Personal Independence Payments (which replaces Disability Living Allowance). They have also raised concerns around the reductions in local area housing benefits and exemptions for supported housing providers.

The Better Mental Health Oxfordshire Commissioning Programme Board has also raised the issues faced by people with mental illness. Patrick Taylor from MIND has outlined the main three key issues affecting people with mental health problems in light of welfare reform. This is attached in Annex 2.

At its meeting on 10 October the Adult Health and Social Care Partnership Board has agreed to monitor the specific impact of the reforms on vulnerable adults.

Annex 1

The following key reforms have been introduced in Oxfordshire to date:

| Reform | Date of introduction | Group most affected | Numbers affected (approx.) | Estimated annual loss by 2015/16 (£m) ¹ |
|----------------------------------------------------------------------|----------------------|--------------------------------------------------------------------------------|----------------------------|----------------------------------------------------------------|
| Incapacity Benefits restricted ² | 01 April 2012 | Sick or disabled former workers; young disabled (16-19yrs) | n/a | 22.1 |
| Size eligibility criteria ('bedroom tax') extended to social housing | 01 April 2013 | Social sector renters with spare rooms – esp. older people and disabled people | 3,100 | 2.5 |
| Uprating of many working-age benefits restricted to 1% | 01 April 2013 | All working age claimants (excl. disabled and carers) | n/a | 22.3 |
| Non-dependent deductions increased | 01 April 2013 | Renters – private and social sector | n/a | 2.2 |
| Council Tax Benefit (CTB) replaced by local reduction schemes | 01 April 2013 | n/a | 35,560 | 2.6 (in 2013/14) This 'loss' was not passed onto claimants. |
| Social Fund abolished and replaced by the | 01 April 2013 | n/a | n/a | 0.08* |

¹ Source: FT Austerity Audit April 2013

² e.g. People on Incapacity Benefit and Severe Disablement Allowance are being moved to Employment Support Allowance (ESA), but only if they have matched the criteria of a revised, tougher, medical test. Certain elements of ESA are also being restricted.

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| 'Oxfordshire Support Fund' | | | | |
| Personal Independence Payment (PIP) replaced Disability Living Allowance (DLA) for new working age claimants | June 2013 (Existing claimants are unlikely to be affected until October 2015 at the earliest) | People with disabilities making a new claim. Incl. disabled children turning 16 or anyone with changed circumstances. | 500-800 per year | n/a (The budget for PIP will be 20% lower than that of DLA) |
| Benefit cap introduced | Roll out complete by Sept 2013 | Large families and those in high rent areas. | 300 | 1.7 |

Reforms in the process of being rolled out:

| Reform | Date of implementation | Numbers affected | Estimated loss in year 2015/16 (£m) |
|------------------------------------------------------|---------------------------------------------------------------------------------------------------|------------------|-------------------------------------|
| Universal Credit -replacing six working-age benefits | Not yet known – an announcement on roll-out plans is expected in the Autumn of 2013. ³ | n/a | n/a |

Annex 2



Welfare Reform Report to Oxfordshire Health Improvement Board

Submission from Oxfordshire Mind:

Welfare reform and the impact on people with mental health problems

The welfare reform changes being introduced over the next few years will present a significant barrier to those with mental health problems in accessing their benefit entitlement. The changes are principally aimed at encouraging those who can return to work; as a result those who are unable to work due to mental health issues are being caught up in a system that ignores their needs and puts up barriers to their accessing their benefit entitlement. It also reduces

³ Four 'pathfinders' are running in north-west England, with a further six beginning between October 2013 and spring 2014 – none of these are in Oxfordshire.

their potential entitlement through onerous assessments and has brought confusion to this vulnerable group.

Having seen over 3,000 people with mental health conditions over the last few years, Oxfordshire Mind's Benefits for Better Mental Health project has seen at close hand the impact that these changes are having.

We have been asked to say what we see as the main three issues affecting people with mental health problems.

These are as follows;

1. The end of Disability Living Allowance

With the abolition of Disability Living Allowance (DLA) and its replacement with Personal Independent Payments (PIP), we expect to see over 20% of those currently entitled to DLA being unable to claim PIP. The criteria for PIP has been designed to cut entitlement to the benefit by 20%, but we believe that those with mental health issues will be hardest hit as they will no longer be able to claim the lowest rate of care – as they reach a level of stability in their recovery they will cease to be able to claim this important benefit which currently allows them to manage financially.

The introduction of PIP also brings with it the need for applicants to attend a face to face assessment. This already causes great anxiety and fear amongst those with mental health issues as the assessment focuses on their 'functionality'. As those with mental health conditions can vary their 'functionality' also varies and this is frequently overlooked during the assessment. The result of this is that people are forced to go through the long and arduous appeal process whilst poor and inaccurate decisions are challenged. The volume of appeals has the knock on effect of leaving them without their entitlement for often over a year at a time. This makes it all the more important that people get the right help to complete their claims as well as support to appeal.

2. Changes to the Appeals System

We are also very concerned by the changes to the appeal system itself. Over the last five years, Benefits for Better Mental Health have represented on several hundred appeals averaging a 95% success rate. We have seen an increasing range and number of decisions challenged and anticipate that as a result of dual benefit systems running parallel, we are likely to see more appeal requests than ever before.

Dealing with these additional appeals will become far more demanding from October 2013, as each decision which needs to be challenged will face a mandatory reassessment of undetermined time. Even those challenging Employment Support Allowance decisions will be without any income during this period unless they are able to claim Job Seekers Allowance – which they cannot

do if they are unfit for work – and so are likely to be caught in a 'Catch 22' position.

The changes have also resulted in an increase in the number of ways that appeals are made, so that whilst we have to date had one appeal channel, from October there will be five appeal channels which will cause confusion and further distress unless the person is able to access appropriate help at the right time.

3. Introduction of Universal Credit

The third issue may prove to be the most significant of all - and that is the introduction of Universal Credit (UC) to replace all income related benefits.

UC is designed to be part of the governments 'Digital by Default' programme and so will require that claimants make and maintain their claim on-line, there will be no special assistance for those not seeking employment from Job Centre Plus and so we anticipate that there will be significant difficulties for those with mental health issues in making and updating their claims – even when they have access to good IT.

The other most concerning issue regarding the introduction of UC will be that payments will now be made to only one household account one month in arrears. Housing benefit payments will be included with all other benefit payments as a lump sum and claimants will start the process already in arrears. The financial impact of this could be very worrying indeed. We know that trials in some areas resulted in over 30% of those on the trial being removed from it as they immediately started building up arrears and facing financial problems.

The combination of these changes will affect those most vulnerable through their mental health conditions and place further barriers in accessing and maintaining their benefit entitlement and we believe that it is essential that they are able to receive the help and support they need by informing them of the changes in a timely manner and in assisting them in getting their legal entitlement

Oxfordshire Mind
September 2013