

Subject:	Welfare Reform, responses to recommendations made by the Centre for Economic and Social Inclusion		
Date of Meeting:	23rd November 2015		
Report of:	Director of Public Health and the Executive Director of Finance and Resources		
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Ward(s) affected:	All		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 The purpose of this report is to set out the council's responses to the recommendations contained in the Centre for Economic and Social Inclusion's (CESI) independent report into the impacts of welfare reform in Brighton and Hove. This report was commissioned by Public Health to provide detailed information on the impacts of welfare reform in Brighton and Hove to, inform commissioning decisions; help develop strategies to support citizens who have faced the most significant impacts of the changes; and, to provide context and information to inform policy development and budget decisions generally.
- 1.2 The purpose of the report is also to set out the broader actions and activities the council is undertaking to respond to the issues raised by the Government's welfare reform programme.
- 1.3 The purpose of the report is also to highlight the key impacts and considerations resulting from the welfare changes set out in the July 2015 summer budget.

2. RECOMMENDATIONS: That the Committee:

- 2.1 endorses the responses to the recommendations set out in the CESI independent report into the impacts of welfare reform in Brighton and Hove.
- 2.2 notes the current mitigation strategies which are in place to manage the impacts of welfare reform in the city.
- 2.3 notes the work of the council and partners around employment and apprenticeships
- 2.4 Directs officers to report to the City Management Board to highlight key impacts and considerations arising from the provisions set out in the Government's July 2015 budget and the CESI report to generate a city wide response. Subsequently the City Management Board's response be reported back to this committee.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 Reform of the welfare reform system was a key area of policy for the coalition Government between 2010 and 2015.
- 3.2 The first phase of welfare reform involved making reductions and changes to nearly every working age benefit; localisation of Council Tax Benefit and Social Fund; the introduction of Personal Independence Payments to replace Disability Living Allowance; sanctions reform; and, the early introduction of Universal Credit in some parts of the country.
- 3.3 A further series of welfare changes were announced in the July 2015 national budget. These will have key regional impacts as well impacts in the City due to the high cost housing market in the south east. This will mean we will have to work with other local authorities, especially in the Greater Brighton area to manage this.
- 3.4 The CESI report sets out in detail how the impacts are affecting citizens whose benefits have changed or been reduced; and, sets out who is managing, who is struggling and who needs support. In turn the changes have had impacts across council services including Housing, Children's Services, Adult Social Care and Revenues and Benefits.
- 3.5 Brighton & Hove has particular characteristics which have exacerbated the impacts in some areas for the city.
 - The city has recovered strongly in comparison with other areas of the country from recession with labour market near historic highs, however benefit receipt has not reduced proportionally.
 - Like many other seaside cities Brighton & Hove has a number of areas with high concentrations of disadvantage and deprivation. As a result some areas have a high percentage of households claiming out of work benefits.
 - The housing market in Brighton and Hove is characterised by high prices and high rents in the private sector and with very strong demand for limited stock in the public sector.
- 3.6 To plan and respond to these changes the council introduced a welfare reform programme to work with partners across the council and the city; to work with customers who have been most significantly impacted by the changes; to commission support for people affected by these changes from the community and voluntary sector (Moneyworks), to manage the localisation of services (Council Tax Reduction and Social Fund); to research and provide accurate information about the changes and the impacts of the changes including commissioning the research undertaken by CESI; and to prepare for the introduction of Universal Credit.
- 3.7 Community and Voluntary Sector Partners providing advice and support have reported an increase in the level and complexity of demand for their services. The external funding context has made this particularly challenging them. (For example, in 2008-9 BHT and Citizens Advice Bureau were able to assist 3,416

residents with social welfare related issues under the Legal Aid scheme which provided financial support per case. By 2014-15 this number had fallen to 590 although overall demand and numbers through the door had increased).

- 3.8 Nevertheless there have been a number of successful new initiatives that have seen advice agencies work in partnership with each other and the council to respond to the changes. These include the development of the Council Commissioned 'Moneyworks' programme, which has integrated money advice, financial capability and skills and learning and the forthcoming 'Warmth for Wellbeing' fuel poverty programme funded by British Gas Energy Trust.
- 3.9 There are currently 15 food banks in the city most of which are run by community and faith groups, prior to 2012 there were 2.
- 3.10 The council has a programme in place to support customers who are affected by the benefit cap. This includes intensive one to one support provided by family coaches based on the troubled families model (locally stronger families stronger communities) for families with complex needs. At present this is funded until May 2016. Tenants affected by the social sector size criteria and the benefit cap who live in Council Housing accommodation have been visited. Other families and households are supported by discretionary funds and Moneyworks provides budgeting and finance advice in the community.
- 3.11 The Council works closely with the Job Centre to coordinate and provide employment support in the city

Recommendations from CESI report

- 3.12 A series of recommendations have been made as a result of the research into the impacts of the welfare reform in Brighton and Hove undertaken by the Centre for Economic and Social Inclusion (CESI). These recommendations drew particularly on workshops with Council staff and stakeholders undertaken during the period of research. The recommendations and responses are set out in Appendix 1.
- 3.13 The recommendations and subsequent required actions meet council priorities and provide options for meeting financial pressures which may occur as a result of the changes in welfare benefits. Some current threads of work capture the recommendations and plans for new areas of work are also set out but these will be subject to budgetary approval. These work streams include:
- Creating an early warning system for households who may face crisis in the future as a result of the welfare reforms and an increase in intensive support for those families based on the model currently being used with families affected by the benefit cap
 - Continuing the financial inclusion commission through until April 2017 when a comprehensive third sector commission will commence
 - Enabling council staff and members of the third sector who work with households affected by welfare reform to have honest and open conversations about where they can afford to live and employment support
 - Preparations for the introduction of Universal Credit

- Promotion of the CCG commissioned wellbeing service to customers affected by welfare reform
- Employment support at a strategic and practical level including partnership working with Job Centre Plus and other local partners.

Key considerations and impacts of July 2015 budget

3.14 The recommendations set out above were made in response to the first wave of welfare reform. In the July 2015 budget the government set out a further programme of reform. A full breakdown of these changes are in appendix 2, but the main areas and themes are:

- Freezing most working age benefits for four years from April 2016
- Reducing Social Sector Rents by 1% for four years
- Limiting benefits in general to the amount for a family with no more than two children from 2017. (Will not apply to families with more than 2 children born before April 2017)
- Reducing the benefits cap from £26,000 to £20,000
- Reducing Employment and Support Allowance for people able to do some work to the same rate as Job Seekers Allowance
- Reductions in Tax Credits and Universal Credit from April 2016 for working people (Further to a vote in the House of Lords on 26th October this is now subject to change, further information will be made available in the autumn statement, 25th November)
- An increase in the minimum wage (living wage) to £7.20 from April 2016 (currently £6.70) rising to £9 per hour by 2020.

(Announced separately Income Tax tax-free personal allowance is due to increase from £10,800 to £11,000 from April 2016)

3.15 The high cost of private sector rents and the relatively high percentage of private rents as a part of the housing market will mean that Brighton and Hove will be one of the most heavily impacted authorities in the country by the reduction of the benefit cap to £20,000 (In London authorities families will be capped by £23,000). It is currently estimated this will affect around 650 families in the city, families who are currently capped (120) will lose a further £120 per week, and other families will lose up to £120 per week.

3.16 Private sector rents have been increasing by approximately 10% a year in the city over the last four years. If this trend continues freezing LHA rates (housing benefit in the private sector) will mean the gap between rents and LHA will increase to between £500 and £600 per month by 2019/20. This is likely to mean that private sector rents are largely unaffordable to people on benefits and lower incomes.

3.17 High rents in the City mean it is becoming harder for Housing to secure accommodation in the City to house homeless people and the cap and the freeze on LHA rates will mean that this is likely to become an issue for large areas of the South East. A report was agreed at the Housing and New Homes Committee

on 23rd September 2015 titled Allocation of Temporary Accommodation Policy which set out the council's approach to allocating accommodation within and outside the City. A copy of this report has been put in the members' room.

- 3.18 Any family who has a third or subsequent child after April 2017 will not receive an increase in benefits to reflect the extra outgoings that child will need. For cases affected this will mean a loss of at least £53 per week for the entire period of childhood. There are approximately 100 third or subsequent children born to families who are reliant on benefits a year in Brighton and Hove. It is currently unclear what the government is intending to do to publicise this change. It will be essential that this is clearly understood in the community by mid 2016. The council and partners may have to undertake a local communication drive to ensure this is the case and for that reason it is recommended a report is taken to the City Management Board to propose a plan for this.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The quality of life of residents and the life chances of their children as well as a drive to reduce inequality are central to the priorities of the council. In addition the implications of the changes to the benefit cap, the freeze in LHA rates and the restriction of benefit levels to two children from 2017 all have direct financial implications for council costs specifically around rent collection, homelessness costs and costs to children's services. Were the council not to put in place mitigations, including those based in the recommendations set out in the CESI report, then the costs are likely to be far greater than they would be otherwise. Due to the current financial situation and appropriate business controls a full business case will be undertaken for each area of work if extra resources are identified as being necessary.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 The BHCC welfare reform programme team holds regular meetings with city representatives to share information and draw feedback about the impacts of welfare reform. The group represents the community and voluntary sector, advice services, Job Centre Plus, and social and private sector landlords. This allows the council to stay in touch with city groups as representatives of customers who are affected by the reforms and to understand the impact of the reforms from the perspective of people working directly with customers affected.
- 5.2 In developing policy responding to the changes around Council Tax Reduction and the replacement of the Social Fund the council has regularly undertaken extensive consultation with customers who may be affected by those changes as well as with groups and organisations which work with and represent those customers
- 5.3 The research from the Centre and Social and Economic Inclusion has provided in depth insight into the impacts of individuals in the community which has led to a greater depth of understanding about how customers are responding to these changes which have informed planned mitigating actions

6. CONCLUSION

- 6.1 As has been set out in the CESI report the impacts on citizens of the welfare reforms can be profound and specific groups have been identified as being at more risk than others in this analysis.
- 6.2 The practical impact of these changes can in the most significantly affected cases lead to families falling behind with rent and becoming at risk of homelessness. This in turn may lead to financial pressure to the council around rent collection and homeless costs.
- 6.3 The impacts of these changes may have broader impacts in terms of the overall economy of the city and the region if high housing costs impact of the ability of low paid workers to live within travelling distance of the City. Information about these changes are being shared with the economic development team so the potential impact can be analysed
- 6.4 The responses to the recommendations will continue to be developed, current service offerings will be aligned to meet these challenges and where the responses may require extra resources a full business case will be developed to support this.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The changes to welfare benefits have both direct and indirect implications for council budgets. The benefit cap means that a person's housing benefit is withdrawn which in turn creates a direct pressure on rental income for temporary accommodation and council housing. Significant reductions in housing benefit for other customers increase the risk of homelessness and hence service pressures on housing and social care services. The council has had access to limited discretionary funds and has had a programme of work in place designed to help households affected by these provisions which has been successful in reducing these costs to date.
- 7.2 Two of the major general discretionary fund allocations from the Government were reduced considerably in 2015/16. The budget for Discretionary Housing Payments (DHPs) was reduced from £1.014m in 2014/15 to £0.611m in 2015/16 and the Local Discretionary Social Fund allocation was reduced from £0.629m to zero over the same period. This has restricted the ability of the council to provide support in these areas
- 7.3 The change in the benefits cap to £20k from Autumn 2016 has the capacity to increase the pressure on rental income and service costs significantly. Over time as housing benefit rates are frozen, and assuming the rental market continues to match recent inflationary trends these pressures will be exacerbated from 2016/17 and in future years.
- 7.4 A business case was agreed for the current intervention work. Any extension of the intervention programme to help people will require a revised business case to demonstrate a spend to save benefit of undertaking any further preventative

work. This will be subject to normal budgetary approval and will need to be met from identified resources.

Finance Officer Consulted: Anne Silley Date: 22nd October 2015

Legal Implications:

- 7.5 The proposed responses to the CESI independent report in Appendix 1 are within the council's powers. Many of the actions can be linked to the prevention of homelessness. The council is under an express duty in Section 179 of the Housing Act 1996 to secure that advice and information about homelessness and the prevention of homelessness is available free of charge to any person in their district.

Lawyer Consulted: Name Liz Woodley Date: 23/10/15

Equalities Implications:

- 7.6 The CESI report identified particular household types who are more likely to have seen large reductions in their income as a result of the welfare reforms so far. It also identified household types who are more likely to be subject to crisis as a result of these changes.
- 7.7 The groups that have been specifically identified as being key affected groups are disabled people and people with health conditions; lone parent households and large families living in the private sector. Living in a private sector irrespective of which household type a person lived in makes it more likely that household will have faced larger reductions in benefits than those living in the social sector.
- 7.8 Of those affected the CESI report identifies those at risk as being disabled people, large families - particularly lone parents - and people with a range of factors including renting privately, mental health and poor networks.
- 7.9 People identified as being in crisis tend to be those who have been impacted by multiple reforms or combined factors often linked to health, housing, crisis and debt
- 7.10 This information is actively informing the approach of teams currently supporting those impacted by the reforms, it is also driving the preventative strategies currently in planning to manage the changes set out in the July 2015 budget.

Sustainability Implications:

- 7.11 None

Public Health Implications:

- 7.12 The CESI report identified the link between the impact of welfare reform and health.
- 7.13 The majority of residents who participated in the research reported significant effects on their health and wellbeing including stress, anxiety and in some cases

insomnia and low level depression. For those with pre-existing conditions, financial strains exacerbated these or made them harder to manage. The responses reflect these issues, for example by raising awareness of the NHS Wellbeing Service.

SUPPORTING DOCUMENTATION

Appendices:

1. The Centre for Economic Inclusion recommendation and responses.
2. A detailed breakdown of the July 2015 reforms and analysis

Documents in Members' Rooms

1. Full copy of the CESI report
2. Copy of Development of a new City Employment & Skills Plan (2015-2020) report to Children and Young People & Skills committee 20th July 2015
3. Copy of Allocation of Temporary Accommodation Policy report to Housing Committee 23rd September 2015

Background Documents

None