



Report to Safer and Stronger Communities Scrutiny & Policy Development Committee 31 July 2014

Report of: Director of Policy, Performance and Communications

Subject: The Impact of Welfare Reform on Sheffield's Residents –
Update July 2014

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Summary:

Since July 2013 the Safer and Stronger Communities Scrutiny & Policy Development Committee has been receiving regular reports regarding the impact of welfare reform and how the Council and others are responding. This report provides the update for July 2014.

Type of item:

Reviewing of existing policy	
Informing the development of new policy	
Statutory consultation	
Performance / budget monitoring report	
Cabinet request for scrutiny	
Full Council request for scrutiny	
Community Assembly request for scrutiny	
Call-in of Cabinet decision	
Briefing paper for the Scrutiny Committee	
Other	X

The Safer and Stronger Communities Scrutiny & Policy Development Committee is asked to:

- i. note the contents of the report and the progress made on understanding the impact of welfare reform on Sheffield's residents;
 - ii. consider the response from officers regarding the aspects of good practice operating in Bristol and Manchester and the request from the Committee in January 2014 that consideration be given to adopting these measures in Sheffield;
 - iii. provide views or comments on the Council's approach on responding to the welfare reform agenda; and
 - iv. give consideration to whether the Committee wishes to continue to receive further update reports on this issue.
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Background Papers:

[Sheffield Hallam University, Centre for Regional Economic and Social Research, Hitting the poorest places hardest: The local and regional impact of welfare reform](#)

[Sheffield Citizens Advice, Experience of Job Seeker's Allowance sanctions \(October 2013-March 2014\)](#)

[Independent review of the operation of Jobseeker's Allowance sanctions validated by the Jobseekers Act 2013](#)

Category of Report: OPEN

1 Introduction

- 1.1 At the present time the UK is seeing the biggest change to the benefits system in 60 years. Several of the most significant changes were introduced on 1 April 2013.
- 1.2 Since July 2013 the Safer and Stronger Communities Scrutiny & Policy Development Committee has been receiving regular reports regarding the impact of welfare reform and how the Council and others are responding. This report provides the update for July 2014.
- 1.3 As a reminder, and for members who are new to the Committee, the last full update report on welfare reform which was considered by the Committee in January can be found on the [Council's website](#)¹. The report provides a summary of the key changes to the benefits system and their timescales for implementation.
- 1.4 This report covers the following areas:
 - Section 2 **Latest information**
 - Under-Occupancy ('Bedroom Tax')
 - Council Tax Support
 - Household Benefit Cap
 - Universal Credit
 - Personal Independent Payment
 - Section 3 **Understanding how people in Sheffield are being affected by welfare reform**
 - The experience of the advice sector
 - The impact of Job Seeker's Allowance sanctions in Sheffield
 - Department for Work and Pensions (DWP) commissioned research on benefit sanctions
 - Increases in food bank usage
 - The cumulative impact of welfare reform in Sheffield
 - Section 4 **Support for Sheffield residents who are affected by welfare reform: Update on hardship schemes**
 - Council Tax Hardship Scheme
 - Discretionary Housing Payments
 - Local Assistance Scheme
 - Council Housing Service Hardship Fund
 - Section 5 **Learning from other local authorities' approaches to welfare reform**
 - Bristol City Council
 - Manchester City Council
 - Section 6 **Conclusions**
 - Section 7 **Recommendations**

2 Latest Information

2.1.1 Under-occupancy ('Bedroom Tax')

In April 2013 the Government reduced the amount of Housing Benefit (HB) for working age Council or Housing Association tenants living in homes that are classed as too big for them. Tenants deemed to have one bedroom too many have lost 14% or more of their HB. Tenants deemed to have two or more bedrooms too many have lost 25% or more of their HB.

2.1.2 The number of people affected by Under-occupancy is continually fluctuating, due to tenants' ongoing changing circumstances. Therefore, while the information provided below offers some insight into the impact of Under-occupancy on Sheffield residents, it should be noted that this is a moving picture.

2.1.3 At the end of June 2014 there were 3,958 council tenants affected by Under-occupancy.

Of those:

- approximately 85% were assessed as having 1 bedroom too many, losing an average of £10.82 pw; and
- approximately 15% were assessed as having 2 or more bedrooms too many, losing an average of £20.99 pw.

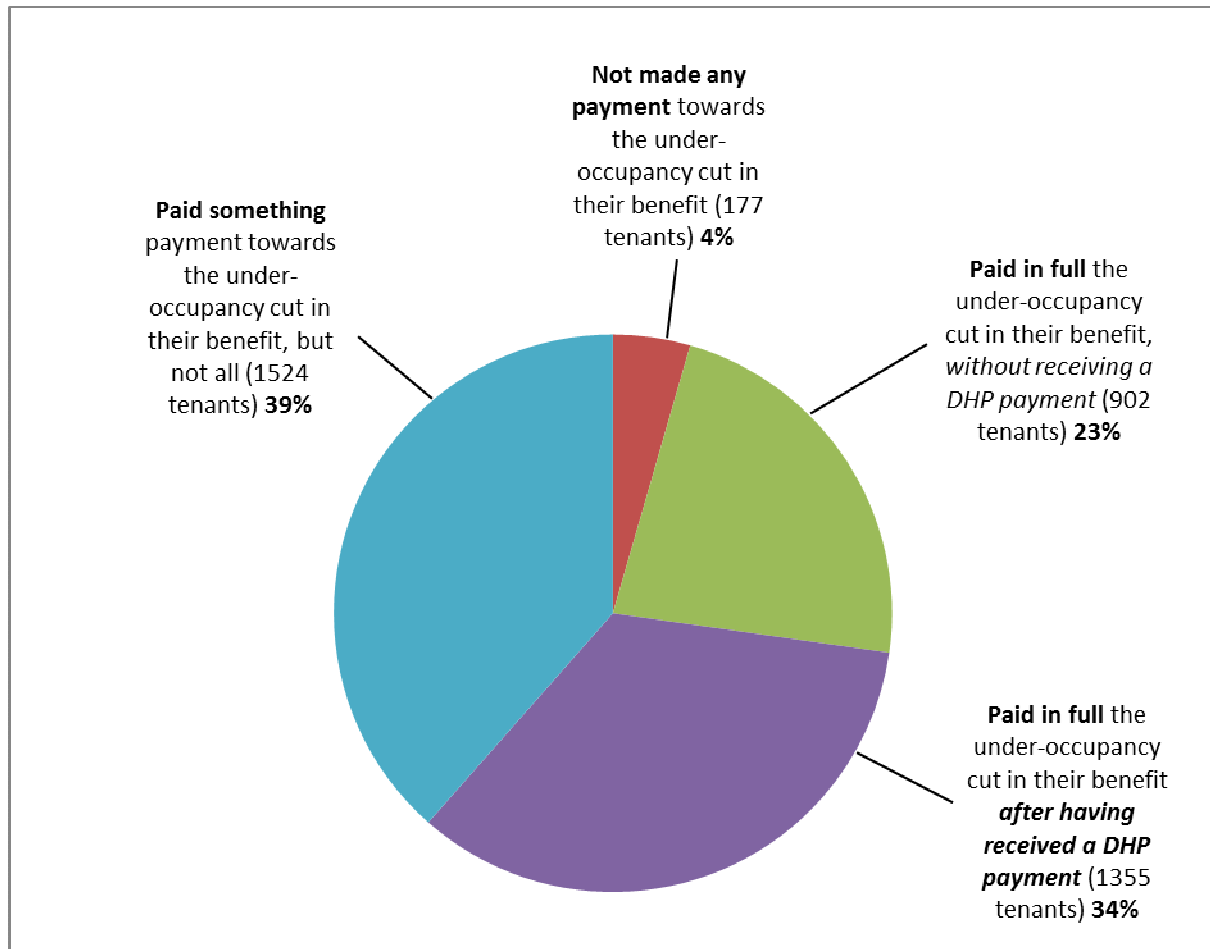
2.1.4 For the 3,958 tenants affected by Under-occupancy, at the end of June:

- 177 (4%) had not made any payment towards the Under-occupancy cut in their benefit;
- 2,257 (57%) had paid in full; and
- 1,524 (39%) had paid something but not all.

2.1.5 Of the 2,257 tenants who had paid the full amount of the Under-occupancy cut in their benefit, 1,355 had received a Discretionary Housing Payment (DHP).

2.1.6 Therefore, of the 3,958 tenants affected by Under-occupancy, only 902 (23%) had paid in full towards the Under-occupancy cut in their benefit without receiving a Discretionary Housing Payment.

Payment towards under-occupancy cut in benefit



2.2.1 **Rehousing**

Since April 2013, 459 council tenants have been awarded a rehousing priority to move to a smaller property. If tenants are not actively bidding the priority can be cancelled after 6 weeks but can be reinstated if the tenant then starts bidding. Of the tenants awarded a priority:

- 363 tenants have stated this is due to the impact of welfare reforms;
- 132 tenants have had agreement to move, despite them having rent arrears that would normally have stopped them from being rehoused;
- 225 tenants have been re-housed already into smaller properties since April 2013

2.2.2 Since April 2014, 35 council housing tenants have downsized already. Of these 31 have moved to another council property, and 4 have moved to other accommodation.

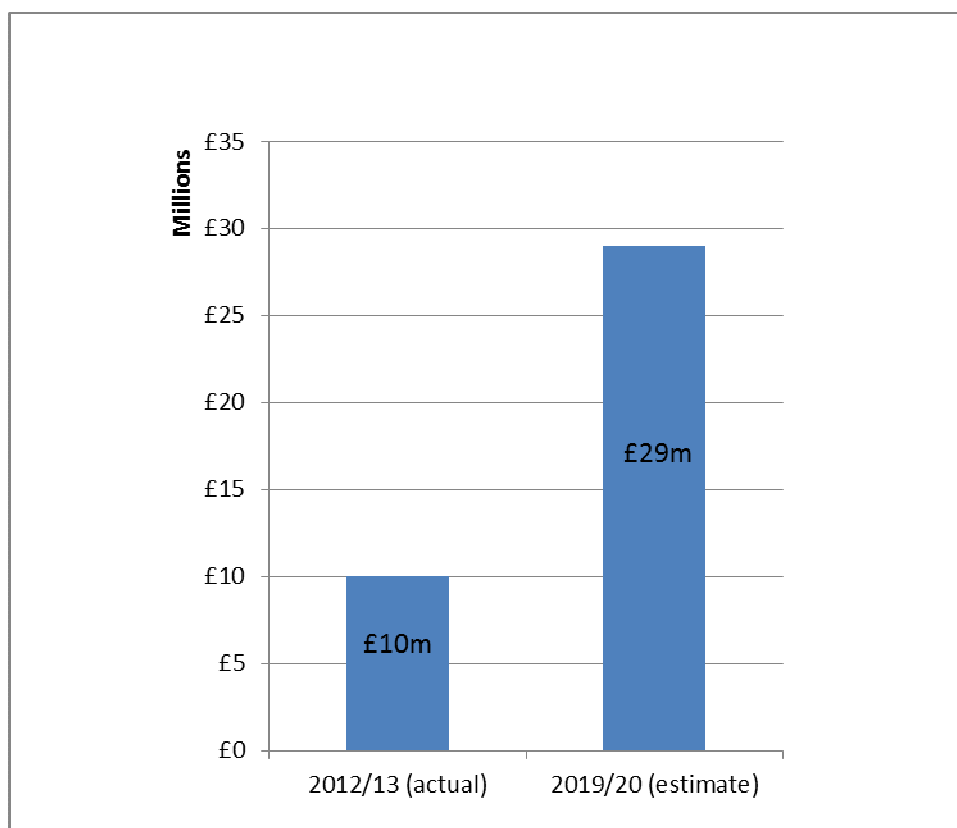
2.3.1 **Impact on rent arrears**

The potential impact on rent arrears caused by all the welfare reform changes is currently estimated by the Council Housing Service (CHS) to be an increase from £10 million at the end of 2012/13 to £29 million by 2019/20.

2.3.2 The impact on rent arrears from Under-occupation was far greater than initially estimated in 2013/14. However, this increase has been offset by higher than estimated funds for Discretionary Housing Payment.

2.3.3 Analysis will continue to be carried out to update the estimate on a regular basis as more information is released by the Department for Work and Pensions and as other information becomes available.

Impact of welfare reform on rent arrears



2.3.4 Rent arrears of Sheffield Council tenants at the end of 2013/14 compare favorably with local benchmarking partners, ranking first amongst Northern benchmarking partners at the end of 2013/14. In addition to supporting tenants affected by Welfare Reforms, the Council Housing Service has continued to support other tenants who aren't affected, ensuring performance on the collection of current arrears for all groups of tenants exceeds targets.

2.3.5 The Council Housing Service is finding that tenants' ability to pay their rent is being affected not only by the changes to benefits but also by the current economic climate. In particular, the following issues are contributing to an increasing workload for staff dealing with rent arrears cases:

- the volume of tenants who are in work and are on zero hours contracts;
- sanctions being applied to tenants on benefits;
- the need to provide greater advice to tenants who are currently claiming housing benefits;
- the need to provide tenants with greater support on all aspects of financial capability and education, including managing money, prioritising essential outgoings, advice on low cost loans/avoiding payday lenders & illegal money lenders and issuing debt advice;
- additional financial pressure on council tenants in receipt of benefits, who now pay council tax where previously there was no charge.

2.4.1 **Tenants in other social housing**

There are approximately a further 2,000 tenants in Sheffield affected by Under-occupancy who are living in other social housing.

2.4.2 The Housing Associations (HAs) in the city have done a lot of work in terms of profiling their households to see who will need extra support. Support has included stepping up debts and benefits advice work, supporting tenants to make DHP applications, as well as various policy and practical measures put in place to facilitate transfers and moving.

2.4.3 Although HAs were initially very concerned about rent loss and rent arrears action leading to evictions, there have in fact been very few evictions that have been identified as caused by the shortfall in Housing Benefit due to Under-occupancy exclusively, although there have been some evictions of tenants with arrears caused by Under-occupancy, combined with other factors.

2.4.4 HAs still have tenants who are affected by Under-occupancy and for some the number of tenants affected is not diminishing, because as some tenants are rehoused others move to a position of needing to be rehoused. As has been experienced by the Council Housing Service, HAs are finding that many households affected by Under-occupancy have chosen to try and stay put, rather than downsize.

2.4.5 Virtually all HAs say they do not have the right sized stock, or the right sized stock in areas that people want to move to, to allow affected households to downsize. Several HAs have reported difficulty in letting 2-bedroomed and/or 3-bedroomed properties in some areas and they are attributing this directly to Under-occupancy rules.

2.4.6 The numbers of tenants not paying towards their shortfall appears to be diminishing. The impact on arrears has not apparently been as significant as some HAs were expecting and the overall position on arrears is mixed with no clear trend.

2.5.1 **Council Tax Support**

From April 2013 the Government replaced Council Tax Benefit with a local scheme of Council Tax Support (CTS) run by individual local authorities. The fund available to local authorities to provide the new scheme included a significant cut, when compared to the money available to provide Council Tax Benefit. As pensioners have been protected from the changes to Council Tax Benefit, working age taxpayers have been forced to share the burden of the reduction in funds available.

2.5.2 The Council has about 33,000 working age taxpayers who receive CTS. From April 2013 all of these customers now have to pay at least 23% of their Council Tax. This number includes about 24,000 who previously paid nothing towards their Council Tax and now have to pay 23%. The 23% contribution equates to £4.29 per week for a Band A property (reduced to £3.28 per week for customers receiving a 'Single Person Discount').

2.5.3 The Council took the decision to maintain an unchanged CTS scheme in 2014/15.

2.5.4 Under the rules set down by Central Government, all councils must have undertaken a review of the first year of their CTS scheme by 31 January 2014. Practically, this meant that the Council had to undertake the year 1 review in the autumn of 2013, at which time the medium to long-term impacts of the introduction of CTS were not known. Now that the Council has a full year's worth of data regarding the introduction of CTS, a further review of the scheme will shortly commence. This review will analyse the impact of the scheme and will inform the decision making process which will determine the Council's CTS scheme in 2015/16.

2.6.1 **Council Tax arrears**

During 2013/14 the Council issued 19,836 summonses to taxpayers in receipt of Council Tax Support, with the total value of the summonsed debt amounting to £5.28m. The Council remains committed to doing everything in its power to recover this debt, and any other debts which are owed. In doing so the Council will continue to adopt a firm but fair approach to recovery, taking robust action against those who simply refuse to pay, whilst taking a more sympathetic approach to those who are genuinely struggling to pay. In practice this means that realistic repayment arrangements will be made with those who are struggling to pay and this may mean that the debt is not always cleared at the end of the financial year.

2.6.2 However, in pursuing Council Tax arrears, the Council must follow the collection and recovery rules as set by Central Government, and the Council is unable to introduce alternative processes for collection or recovery outside of those established in law.

2.6.3 Out of the 19,836 summonses issued, 18,756 Liability Orders were granted. A Liability Order legally establishes that the debt is owed; once a Liability Order is obtained, the Council can then take further recovery action if non-payment persists. The actions the Council can take include:

- Deducting money from benefits;
- Deducting money from earnings;
- Instructing an External Collection Agency (bailiff) to collect the debt;
- Placing a Charging Order on property owned by the taxpayer;
- Issuing bankruptcy proceedings; and
- Committal to prison.

2.6.4 The Council pursues all of these actions, to a greater or lesser extent, in order to recover sums owed. The action taken will depend on the individual circumstances of the debtor and actions such as committal to prison, issuing bankruptcy proceedings and obtaining charging orders are only taken where the Council feels that there is no alternative.

2.6.5 A full analysis of the impact of CTS on Council Tax collection and recovery will be undertaken for the forthcoming CTS review and included in the report to full Council.

2.7.1 **Household Benefit Cap**

From August 2013 a cap began to be introduced on the total amount of benefit a single person or family can receive. This benefit change affects the working age population only. The cap is £500 a week for a family, and £350 a week for a single person. The Benefit Cap does not apply where the claimant, their partner or any children receive some specific benefits, including disability benefits.

2.7.2 During the summer of 2013, the Department for Work and Pensions (DWP) originally identified 327 households in the City who they considered would be in the first group of households to be subject to the Benefit Cap. However after cross-referencing this data with data held by the Council's Benefits Service, when the Benefit Cap was first introduced in the City, this number reduced to 168.

2.7.3 During the period September 2013 to June 2014, a total of 275 households in the City have been, at one time or another, subject to the Benefit Cap. The number of children in these households amounted to 1378.

2.7.4 Since August 2013 the Benefit Cap has initially been applied to a customer's Housing Benefit (HB). Once this has taken place, if the income of the household is still above the level of the cap (£500 per week for a family, £350 per week for a single person) the customer will continue to receive the "excess" income until they migrate to Universal Credit, at which point the income will reduce to the level of the cap.

2.7.5 The average cut in Housing Benefit for all households affected has been £40.43 per week, with the highest reduction being £217.63 per week and the lowest £0.55 per week. The total annual amount of HB lost to these households is over £587,000.

2.7.6 Currently there are 176 households still subject to the Benefit Cap and within these households there are 827 children.

2.8.1 **Universal Credit**

Universal Credit (UC) is a new benefit which will affect all people of working age who are currently receiving any of the following:

- Income Support
- Income-based JSA
- income-related ESA
- Housing benefit
- Child Tax Credit
- Housing Benefit

2.8.2 These benefits will be replaced by one single monthly payment which will be paid in arrears, to a single person in each household.

2.8.3 Migration to Universal Credit (UC) was originally due to take place over four years between October 2013 and March 2017. However DWP have stated that they now expect the vast majority of claimants on existing benefits to move onto Universal Credit during 2016 and 2017.

2.8.4 Moving to UC is designed to simplify the working age benefits system, and is not intended to reduce the overall amount of benefit paid (although cuts either have been or will be applied to many of the benefits that will make up UC).

2.8.5 However, UC is likely to cause difficulties for some residents, who will need to make arrangements to pay their own housing costs, where previously these payments had been paid directly to their landlord. There will also be a move towards online claiming of the benefit which will have significant implications for many households who do not currently have access to the internet.

2.8.6 The Council has particular concerns about the ability of vulnerable people, for example those with learning disabilities and mental health issues, to transition successfully to UC.

2.8.7 The Council has established a Project Group to enable the Council and its customers to prepare for the introduction of UC. The Project Group brings together representatives from services across the Council, with involvement from representatives in the Department for Work and Pensions and the advice sector.

2.8.8 The initial focus of the UC Project Group has been a joint geographical mapping exercise involving the Council, DWP and the VCF sector, to assess what support services and internet access are available throughout the city, and what gaps there are in provision. The longer-term aims of the group are to ensure that by the time UC is introduced in South Yorkshire, the Council and its partners have a coherent approach to supporting people in Sheffield, particularly the most vulnerable residents, to transition to UC.

2.8.9 In terms of supporting residents with digital inclusion, the Council Housing Service has already identified and contacted 1,205 tenants to promote and offer free internet training, in partnership with Heeley

Development Trust. We are also aware that many Housing Associations are engaging their tenants in digital inclusion measures, in preparation for the introduction of Universal Credit.

2.9.1 Personal Independence Payment

A new benefit, Personal Independence Payment (PIP), was introduced in June 2013. All new claims from 16-64 year olds, which would previously have been for Disability Living Allowance (DLA) will now be for PIP.

2.9.2 Replacement of DLA by PIP includes more stringent and more frequent medical tests. The budget has been cut nationally by just over £1bn per year (a 20% budget cut) and the focus of PIP is to be on people with the most severe disabilities. It will therefore be harder to qualify for PIP than it would have been to qualify for DLA.

2.9.3 In South Yorkshire, migration of existing DLA claimants to PIP will not commence until October 2015 at the earliest. It is the Government's intention that by October 2017 all existing DLA claimants will have been reassessed for PIP.

2.9.4 It is estimated that 4,700 households in Sheffield will be affected by these changes and it is estimated that the financial loss to Sheffield resulting from these changes will be £14m per year.

2.9.5 Work is continuing within the Council to prepare for the migration of existing DLA claimants to PIP, including trying to understand the potential impacts on the Council's own budgets.

3 Understanding how people in Sheffield are being affected by welfare reform

3.1.1 The experience of the advice sector

The advice sector continues to be significantly affected by the welfare reform programme. Demand for services remains intense; in the quarter January to March 2014, Sheffield Citizens Advice (SCA) dealt with 16,346 issues (an increase of 21% compared to the preceding quarter) for 7082 unique clients (an increase of 24% compared to the preceding quarter).

3.1.2 43% of the issues SCA are dealing with are benefit related. 34% of issues are debt related; a growing proportion of the work. Groups who appear to be badly affected by welfare reform processes are those whose first language isn't English, refugees, people with physical and learning disabilities and those with health problems, including mental health problems.

3.1.3 Benefits sanctions and severe delays in the processing of Personal Independence Payment (PIP) applications are emerging as key issues, alongside problems with the implementation and impact of Employment and Support Allowance (ESA).

3.1.4 Advice sector referrals to food banks for people who are destitute are now routine. A sample survey of 1693 SCA service users in March 2014

found that 47% had struggled to afford food in the last 6 months. A similar proportion of people were struggling with fuel and rent or mortgage payments.

3.2.1 **SCA report on the impact of Job Seeker's Allowance sanctions**

A report has been produced by Sheffield Citizens Advice (SCA) examining evidence from 134 SCA service users who had been sanctioned from Job Seeker's Allowance (JSA). The report, [Experience of Job Seeker's Allowance Sanctions \(October 2013-March 2014\)](#), looks at the effects that sanctions are having on SCA clients and proposes a series of recommendations to mitigate against some of the unintended knock-on effects of benefit sanctions and to ensure that JSA sanctions are helping people to get back into work.

3.2.2 Conditionality and the use of sanctions - where a benefit is stopped or reduced - is not new to the UK benefits systems. However, over recent years as part of the welfare reform agenda, the number of people being sanctioned has increased.

3.2.3 Although sanctions can be applied not only to JSA claimants, but also to certain Employment and Support Allowance (ESA) claimants, the report focuses mainly on the experience of JSA claimants. A sanction usually means that a claimant will have their benefit stopped for a fixed period of either 4 weeks, 13 weeks, 26 weeks, or 3 years, depending on what the sanction is for.

3.2.4 The report found that for most of SCA's clients, even a brief sanction could have considerable knock-on effects. Claims for housing support and Council Tax Support, already tight budgets for essential outgoings and existing debt repayments could all be disrupted and require considerable time and effort to rectify, which in itself could further disrupt job-seeking activities.

3.2.5 Many clients reported being unable to take care of their basic needs because they were unable to buy food during the sanction period. Many required repeated referrals to food banks. Although hardship funds are available (generally paid at 60% of normal JSA personal allowance rates) for some there is no access for the first two weeks of a sanction period and it was found that many clients were unaware that the hardship funds were available.

3.2.6 The report claims that there is often a disproportionate response by Jobcentre advisers to claimants' difficulties in evidencing or carrying out their job search activities. It argues that vulnerable job-seekers, such as young people, people who speak English as a second language and lone parents, are often the recipients of benefit sanctions. It is claimed that for these groups, rather than assisting them to find work, the combined effect of the sanction and the knock-on effects appears to make it harder for them to find sustainable employment.

3.2.7 The report asserts that there are many underlying social factors that make claimants more vulnerable to receiving benefits sanctions. Many claimants who had been sanctioned were trying to cope with the issues

arising from dealing with poverty and/or adjusting to life in the UK when they received JSA benefit sanctions. Difficulties that claimants were experiencing included homelessness, problems with debt, parental responsibilities and problems speaking English.

3.2.8 Some claimants seen by SCA have reported that they had not been informed of the decision to sanction before their benefit was stopped; a common experience was that claimants realised that no money had been paid into their bank account, and then later received a letter stating that their benefits had been stopped. Many claimants found that decisions letters were unclear or confusing. The report states that often claimants who felt that they had received a sanction unfairly were reluctant to appeal or ask for a review, due to the length of time this would take and due to the fact that even if the appeal was successful, this would only result in corrective action being taken long after the client had been forced to cope without any benefit payment.

3.2.9 The report does not seek to argue against the principle of sanctions in the benefit system. However, it claims that vulnerable claimants seem to be disproportionately targeted by sanctions, resulting in some of the most vulnerable people facing further difficulties in dealing with a number of social issues, often brought about by their dependence on benefits. The report raises concerns about the impact this approach has on the likelihood of assisting people to move from benefits into sustainable employment.

3.2.10 The report proposes a series of recommendations; full details can be accessed [here](#)ⁱⁱ.

3.3.1 **Department for Work and Pensions commissioned research on benefit sanctions**

A review commissioned by the Department for Work and Pensions, [*'Independent review of the operation of Jobseeker's Allowance sanctions validated by the Jobseekers Act 2013'*](#)ⁱⁱⁱ, was published on 22 July 2014. The independent review considers benefit sanctions for claimants of Jobseeker's Allowance (JSA) who have been sanctioned after being referred to a mandatory back to work scheme. The review was tasked with assessing and making recommendations around how the process of benefit sanctions functions in these circumstances, and how well claimants understand the system.

3.3.2 The report found the way in which the DWP communicated with claimants was legalistic, unclear and confusing. The report states that claimants often did not know why benefits were stopped and were frequently not informed by the DWP about hardship payments to which they were entitled. The report claims that "actual and sample letters that the review team saw were hard to understand (even for those working in the area), unclear as to why someone was being sanctioned and confusingly laid out." Additionally the review found that many people "expressed concerns that the first that claimants knew of adverse decisions was when they tried to get their benefit payment out of a cash point but could not".

- 3.3.3 The report, which makes 17 recommendations for reform, also revealed serious flaws in how sanctions were imposed. The report highlighted concerns about vulnerable claimants. The report states "Many advisers also highlighted the difficulties of communicating with particular groups of claimants. In particular, many advisers identified a 'vulnerable' group who tended to be sanctioned more than the others because they struggled to navigate the system. This concern for the vulnerable claimants was consistent throughout the visits. For these groups, particular difficulties were highlighted around the length of time it could take to ensure some claimants fully understood what was required of them and in conveying that a 'sanction' could entail the loss of benefit for a prolonged period of time."
- 3.3.4 The Government has released a [statement](#)^{iv} saying that they welcome and accept all of the recommendations made within the report.
- 3.4.1 **Increases in food bank usage**
Recent [reports in the local media](#)^v (July 2014) have highlighted an increase in reliance on food banks in Sheffield. 'Share' food bank, which serves Parson Cross, reported that demand had doubled in the previous six months. The food bank had given out food parcels to 651 people from January to June 2014, compared with 694 food parcels in the whole of 2013.
- 3.4.2 Share food bank reported that three quarters of people needing food parcels this year did so because of delays to or sanctions on benefit payments.
- 3.4.3 Sheffield Citizens Advice has also reported an increase in service users experiencing difficulty in paying for food. See paragraph 3.1.4, above.
- 3.5.1 **The cumulative impact of welfare reform in Sheffield**
Research produced by Sheffield Hallam University's Centre for Regional Economic and Social Research illustrates that when the present welfare reforms have come into full effect, [there will be £173m less](#)^{vi} per year in the local Sheffield economy.
- 3.5.2 This equates to a financial loss of **£471 per year** for every working age adult in the city. However it is important to note that clearly the burden of welfare reform changes will not be shared by every working age adult in the city – as many will not be affected at all – and therefore many of those people who are affected are likely to suffer a financial loss of more than £471 per year.
- 3.5.3 It is clear that the welfare reforms that are currently underway are having a major impact on individuals, communities and on Sheffield as a whole. At the present time, a number of the reforms have been fully implemented, for example around Housing Benefit, but others are still at a comparatively early stage, for example the transition from Disability Living Allowance to Personal Independence Payment. Therefore there is still a long way to go before the full impact is felt.

- 3.5.4 The Council is keen to understand more about the cumulative impact of welfare reform on households in Sheffield and has commissioned CRESR to undertake a research project in Sheffield.
- 3.5.5 CRESR has a track-record as the UK's leading centre of expertise on the local impact of the reforms. This includes the 2013 report, *Hitting the Poorest Places Hardest*, which charted the impact at local authority level across Britain (referred to in paragraph 3.5.1, above), as well as local research in Hampshire, Scotland and Northern Ireland on the impact of welfare reform.
- 3.5.6 The Sheffield research project will comprise two elements. The first element will generate local area statistics for the city. The existing statistics on the impact of welfare reform, published by the Sheffield Hallam team in 2013, cover the city as a whole. These indicate that there will be an estimated loss of £470 per adult of working age, once the reforms have reached full fruition. This element of the study will take these estimates for the city down to the level of electoral wards. Given the size of wards in Sheffield, it should be possible to generate tolerably robust estimates not only for the overall impact of the reforms but also for each of the 10 individual elements of the reform package (including Under-occupancy rules, Disability Living Allowance etc.).
- 3.5.7 The ward-level figures will cover the overall financial loss, the loss per adult of working age and the number of households/individuals affected. The city-wide and ward estimates will also be up-dated to take on board significant data, for example on the impact of Under-occupancy rules, that has been released by government since the original 2013 estimates were produced.
- 3.5.8 The second element of the research project will look at the impact on different types of households/individuals. The government's Impact Assessments only look at each reform on its own, whereas many individuals/households are adversely affected by more than one element of the package. This element of the study will therefore trace the impact of the package *as a whole* on different types of individuals/households in Sheffield. The key analytical tool to be used in the second element of the study will be the government's Family Resources Survey.
- 3.5.9 The research project is due to be completed in Autumn 2014.

4 Support for Sheffield residents who are affected by welfare reform: Update on hardship schemes

- 4.1 The Council administers or runs three principal schemes to help people who are suffering from financial hardship. These are the Council Tax Hardship Scheme, Discretionary Housing Payments and the Local Assistance Scheme. The Council Housing Service also runs a small hardship scheme.

4.2.1 Council Tax Hardship Scheme

In 2013/14 the Council set up a £500k hardship fund for those who are struggling to pay their Council Tax, known as the Council Tax Hardship Scheme (CTHS).

4.2.2 During 2013/14, 8,315 CTHS awards were made. The value of those awards was over £413,000.

4.2.3 For 2014/15 the Council has set aside an initial £500k to fund the CTHS. Between 1 April and 30 June 2014, CTHS awards totalling over £196,000 had been made.

4.3.1 Discretionary Housing Payments

The Council is responsible for administering Discretionary Housing Payments (DHP), which are used to support customers with housing costs. Many of these customers are those affected by a reduction in Housing Benefit as a result of the Under-occupancy rules.

4.3.2 During 2013/14, 6,982 DHP awards were made. The value of those awards was £1,224,000.

4.3.3 For 2014/15 the Council has received £1,040,000 in DHP grant from the Government.

4.3.4 Between 1 April and 30 June 2014, DHP awards totalling over £326,000 had been made, with committed expenditure taking the total of current awards made up to £590,000 (the committed expenditure is for awards made up to October but not currently paid).

4.4.1 Local Assistance Scheme

Some discretionary elements of the Department for Work and Pensions (DWP) Social Fund were abolished from April 2013, with the DWP providing funding for the Council to establish local assistance for financially disadvantaged people. Sheffield's fund is known as the Local Assistance Scheme.

4.4.2 The Council's budget allocation for the scheme for 2013/14 was £2,071,098.

4.4.3 The discretionary elements of the Social Fund which were abolished were used by the DWP to provide two types of award - Community Care Grants and Crisis Loans.

4.4.4 The first phase of the Council's scheme, which started in April 2013, resembled the DWP scheme which it replaces. This was an interim solution which reflects the commitment across the Council and from stakeholders to continue to offer individual financial assistance to customers experiencing poverty.

4.4.5 Applicants to the Local Assistance Scheme (LAS) have to meet certain eligibility criteria, including being resident in Sheffield and in receipt of particular benefits.

4.4.6 Local Assistance grants exist to help vulnerable people to remain or set up home in the community, to ease exceptional pressure on families, or to prevent someone going in to care. These grants are usually in the form of an award to purchase white goods and furniture.

4.4.7 Local Assistance loans are awarded to customers who are experiencing extreme financial difficulty due to an emergency. The scheme offers loans to meet short term expenditure needs. These short term loans are to be repaid through benefits, and are administered by the Sheffield Credit Union.

4.5.1 **Local Assistance Scheme 2013/14**

Between 1 April 2013 and 31 March 2014, the Council received:

- 6,292 applications for assistance and 14,532 phone calls to its dedicated team;
- 2,470 applications for loans, of which 1,286 (52%) were awarded (the average loan award was £62.76); and
- 3,822 applications for grants, of which 1,961 (51%) were awarded (the average grant award was £597.97).

4.5.2 A high number of applications were from customers who either were not in receipt of qualifying benefits or needed assistance for an ineligible purpose – for example an advance on benefits or because benefit was sanctioned. This has been discussed with the DWP.

4.5.3 At the end of March 2014 the total spend on loans was £78,455, and the total spend on grants was £1,172,637.

4.5.4 The number of loan and grant applications received to the Local Assistance Scheme was less than the predicted number, which was based upon the preceding DWP figures for 2011/12. The demand for grants did build steadily in the first year, whereas loan applications did not significantly increase. This experience has been similar to other Councils who have set up discretionary local welfare schemes.

4.5.5 Partnership working and signposting which has benefitted customers applying to the Local Assistance Scheme has included:

- Referrals to Housing Solutions for housing advice and assistance with a range of housing issues, including preventing homelessness;
- Referrals to social care services to assist customers to live independently in their homes; and
- Signposting to debt and tenancy support services to assist customers to sustain tenancies.

4.5.6 At the end of 2013/14, 61% of total funds distributed as loans had been re-paid to the scheme via Sheffield Credit Union, demonstrating that the majority of customers have stuck to repayment agreements and that it is viable to recycle funds through the scheme.

- 4.5.7 Local Assistance loans are to help people who do not have enough money to meet their short term needs because of an emergency or disaster. Local Assistance loans are generally awarded to cover day to day living expenses (food, groceries, nappies, money for pay as you go fuel meters), which replicates the items that would have been available under the Social Fund Crisis loans. During 2013/14, 51% of customers who applied for a loan requested top-ups for pre-pay meters and 39% of customers requested assistance with buying food. At the end of 2013/14 the largest loan expenditure was for food provision, at £43,249 for the year.
- 4.5.8 Local Assistance grants are to support independent living in the community. Local Assistance grants are generally awarded to help buy household items such as white goods (for example fridges, ovens and washing machines), essential cooking equipment, seating, carpets, curtains, beds and bedding, which replicates the items that would have been available under the Social Fund Community Care Grants. 30% of customers applying for a grant requested kitchen equipment (including crockery, cutlery, saucepans etc.) and 22% of customers requested white goods (including fridge, cooker, washing machine etc.). At the end of 2013/14 the single largest expenditure was for the provision of white goods, at £497,789 for the year.
- 4.6.1 ***Local Assistance Scheme Service Review***
The review of the Local Assistance Scheme service was completed at the end of June 2014 and identified that performance against service targets were being met. Working arrangements with Sheffield Credit Union and the Contact Centre were reviewed after 6 months, and again at 12 months to take into account the lower than expected demand, to streamline service delivery and achieve cost efficiencies. A particular feature of the local scheme has been to take a holistic view of the customer's needs and there has been valuable work undertaken with customers, their support workers and other key workers. This has enabled us to find other ways of assisting customers, as well as offering short term financial support.
- 4.6.2 The service review included comparison with other core cities and whilst there are significant differences between scheme designs and methods of delivery, all local authorities have had lower numbers of customers accessing services than were predicted using DWP data for the social fund.
- 4.7.1 ***Review of Local Assistance Scheme Policy***
The current Local Assistance Scheme policy has been reviewed in light of the information gathered during the first 12 months of the scheme and slight amendments will be proposed to the Local Assistance Scheme Policy to ensure that it is fit for purpose and enables the service to meet the needs of vulnerable customers in crisis.

4.7.2 Proposed changes to policy include:

- Further definition of terms including 'crisis', 'emergency and disaster', 'Sheffield resident', 'family' and 'family member'; and
- Making provision for requests for the review of application decisions.

4.8.1 **Local Assistance Scheme 2014/15**

There has been a slight increase in applications for Local Assistance Scheme loans during the first quarter of 2014/15 as shown below.

Quarter 1 2014/15		
April 2014	May 2014	June 2014
174	134	189

4.8.2 Whilst Grant applications had been increasing month on month during 2013/14 this seems to have stabilised and the number of applications received for grants during the first quarter of 2014/15 reflect similar numbers to those received in the previous two quarters.

Quarter 1 2014/15		
April 2014	May 2014	June 2014
332	334	362

4.9 **2015/16 and beyond**

It should be noted that the Government has announced that it will not be providing local authorities with a grant to provide a Local Assistance Scheme, after the financial year 2014/15. This presents a significant challenge for funding for the Local Assistance Scheme beyond March 2015. The Council will therefore be reviewing its discretionary funds, demand on those funds and the resources available, with a view to making best use of them to meet agreed priorities.

4.10.1 **Council Housing Service Hardship Fund**

In 2013/14 a £50k Hardship Fund was set up from the Housing Revenue Account (HRA) to support tenants affected by welfare reforms and suffering hardship. In 2013/14, 134 payments were made, totaling £49,942, which will save the HRA an estimated £121,814 in costs for legal action, including eviction. There will be additional savings for other Council services due to stopping eviction for at least 37 of the tenants.

4.10.2 A further budget of £1m has been identified from the HRA to support tenants up to the end of 2019/20, with the majority of this expected to be spent in 2016/17 and 2017/18, when Council tenants will start to be affected by Universal Credit. Of this additional funding, £22,136 has been awarded to tenants in the first 3 months of 2014/15, saving the HRA an estimated £37,953.

5 **Learning from other local authorities' approaches to welfare reform**

- 5.1 The welfare reform update report which was received by the Committee in January 2014 considered how other local authorities are responding to welfare reform. When researching best practice in welfare reform amongst local authorities it was apparent that many of the positive actions that other authorities had taken in response to welfare reform had already been adopted in Sheffield.
- 5.2 However, we did find examples of good practice in other local authorities which to date has not been trialled in Sheffield. The two authorities where we discovered examples of innovative practice in response to welfare reform were Bristol City Council (BCC) and Manchester City Council. The full details can be found in the [January 2014 report](#), however a summary is provided below.
- 5.3 We reported that in Bristol a joint working arrangement between the local Job Centre Plus and the Council had seen two Job Centre Plus employment advisers seconded to the Council's Revenues and Benefits Service. These members of staff are badged as BCC employees and work closely with the Revenues and Benefits Service, Landlord Services for Council tenants and Housing Solutions for private tenants, to provide support and assistance to households affected by the Benefit Cap.
- 5.4 The previous report also highlighted Manchester City Council's involvement in setting up 'Lets Help You', a free service for private landlords and people looking for a home in Manchester. This brings landlords and tenants together in a fast and easy self-service website. Potential tenants can calculate their likely benefit entitlement to see which properties they can afford, and can then choose from lists of homes that match their circumstances.
- 5.5 During the meeting in January the Committee noted the aspects of good practice operating in Bristol and Manchester and requested that consideration be given to adopting these measures in Sheffield.
- 5.6.1 **Response to the Bristol case study**
The Council considered the possibility of holding joint surgeries with DWP staff in order to provide advice and assistance to the initial group of customers affected by the Benefit Cap. However it was felt that this approach, which placed an obligation on the customer to contact us was, at this stage, too passive, given both the impact that the cap is expected to have and the customer group we were dealing with e.g. large families with school age children, customers who don't have English as a first language etc.
- 5.6.2 Instead, the Council decided that a proactive targeted approach would have a better chance of engaging with the customer group. The Council's benefits service provided case level data on all affected households to colleagues in Council Housing Services, Housing Solutions (to assist private sector tenants) and to all registered social landlords (RSLs) whose tenants were included in the initial implementation of the Benefit Cap.

- 5.6.3 This allowed a targeted approach of joint visits with Jobcentre plus staff to be undertaken. As a result of this approach Council tenants, RSL tenants and tenants in private rented accommodation affected by the Benefit Cap have been offered advice and support in managing their reduced income. This includes being supported to make a claim for a Discretionary Housing Payment (DHP) where appropriate. Following briefing sessions from colleagues based in Job Centre Plus, Council Housing Service officers have also been given advice on how to make referrals for support into employment, Universal Job Match and the claimant commitment, allowing them to provide a more holistic service.
- 5.6.4 Where tenants have not found work and continue to be affected by the Benefit Cap, ongoing support is provided which includes support in applying for further DHPs, opening Credit Union budgeting accounts and becoming digitally enabled. In addition, tenants from all tenures continue to benefit from attending the Welfare Reform advice sessions held at Howden House.
- 5.6.5 Having delivered a targeted approach to provide advice and support to the group of customers initially affected by the Benefit Cap, officers are now discussing the possibility of undertaking joint advice surgeries with colleagues from Job Centre Plus, both to assist customers affected by all aspects of welfare reform and to prepare customers for the introduction of Universal Credit.
- 5.7.1 **Response to the Manchester case study**
Since January, further research into the 'Lets Help You' website has been undertaken. The site is currently licensed for use by Manchester City Council for 2 years; it is up for renewal in April 2015. It is free at point of use for private landlords and applicants to use the site. The 2 year deal costs Manchester City Council £12,000 per annum.
- 5.7.2 100 private landlords are now registered users of the site, although they clearly do not all use the site at the same time. Manchester makes it clear that they do not necessarily endorse the standard of any particular accommodation advertised – and that they are not responsible for any tenancy resulting from the use of the website.
- 5.7.3 The site receives between 1,500 and 1,800 hits per week. It's not known how many tenancies occur as a result of this, but the consensus is that the number is not very high. In the week commencing 7 July 2014 there were 68 adverts on the site for the whole of the Manchester region.
- 5.7.4 After talking to Manchester regarding costs and results, officers feel that there is not a strong case for exploring this specific option further, although it may be possible to develop a similar service within the Sheffield Property Shop website. Discussions are ongoing within the Council to consider and develop options.

6 Conclusions

- 6.1 As this report demonstrates, work is ongoing within the Council, and with partners to understand the impact that welfare reform is having on Sheffield residents and to put measures in place to help local people to deal with the changes. The Council is committed to continuing this work.

7 Recommendations

- 7.1 The Safer and Stronger Communities Scrutiny & Policy Development Committee is asked to:
- i. note the contents of the report and the progress made on understanding the impact of welfare reform on Sheffield's residents;
 - ii. consider the response from officers regarding the aspects of good practice operating in Bristol and Manchester and the request from the Committee in January 2014 that consideration be given to adopting these measures in Sheffield;
 - iii. provide views or comments on the Council's approach on responding to the welfare reform agenda; and
 - iv. give consideration to whether the Committee wishes to continue to receive further update reports on this issue.

ⁱ<http://sheffielddemocracy.moderngov.co.uk/documents/s11959/Welfare%20Reform%20Report.pdf>

ⁱⁱhttp://www.advicesheffield.org.uk/images/directory/Documents/JSA_Sanctions_Full_Report.pdf

ⁱⁱⁱhttps://www.gov.uk/government/uploads/system/uploads/attachment_data/file/335144/jsa-sanctions-independent-review.pdf

^{iv}<http://www.parliament.uk/documents/commons-vote-office/July-2014/22%20July%202014/31-DWP-JSASanctions.pdf>

^v<http://www.thestar.co.uk/news/local/blunkett-demands-action-as-food-bank-usage-soars-1-6723504>

^{vi}http://www.shu.ac.uk/research/cresr/sites/shu.ac.uk/files/hitting-poorest-places-hardest_0.pdf