

Meeting date: 19 April 2021
Report to: Cabinet Member for Resources



Subject/report title: WELFARE REFORM UPDATE

Report from: Director of Resources & Deputy Chief Executive

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Wards affected:

- All Wards | Bickenhill | Blythe | Castle Bromwich | Chelmsley Wood |
 Dorridge/Hockley Heath | Elmdon | Kingshurst/Fordbridge | Knowle |
 Lyndon | Meriden | Olton | Shirley East | Shirley South |
 Shirley West | Silhill | Smith's Wood | St Alphege

Public/private report: Public

Exempt by virtue of paragraph:

1. Purpose of Report

- 1.1 This report is to update the Cabinet Member for Resources on the Council's work around welfare reform and the impact of Covid 19.

2. Decision(s) recommended

- 2.1 The Cabinet Member for Resources is asked to note the Council's approach to welfare reform and the impact of Covid 19.
- 2.2 The Cabinet Member for Resources is asked to approve the request to allocate £88,000 of the hardship grant allocation to the Discretionary Crisis Fund reserve as set out in 3.39.

3. Matters for Consideration

- 3.1 Welfare reform has resulted in a number of key changes to the benefits system since its introduction in 2013. An up to date position of these changes are detailed in this report.
- 3.2 Covid 19 has resulted in an increase in benefit caseloads in Solihull along with an increase in the number of residents seeking financial inclusion support. The impact of this and an overview of the support provided is also detailed in this report.

Universal Credit

- 3.3 Universal Credit (UC) replaces a number of benefits and tax credits and has been gradually rolled out in Solihull since May 2015. UC is administered by the Department for Work & Pensions (DWP).
- 3.4 The onset of the Covid-19 pandemic in the early part of 2020 has seen a sharp rise in the number of claimants of UC across the country, including in Solihull. As at January 2021 there were 17,225 Solihull residents claiming UC, equating to 13.4% of the 16-64 population. 54% of Solihull households with a UC claim live in the North Solihull locality.
- 3.5 Between January 2020 and January 2021 the number of people in Solihull claiming UC increased by 93% (8,320 individuals). This increase is lower than the England (+118%) and West Midlands (+105%) averages. Most of the increase in UC claimants in Solihull occurred in the early months of the pandemic with an increase of 63% between March and May 2020 compared to an increase of 12% between May 2020 and January 2021.
- 3.6 Of the 17,225 Solihull residents claiming UC, 55% are female (9,419) and 45% male (7,806). Over the last year the number of females claiming UC in Solihull increased by 74% and the number of males by 122%. This trend of the number of male UC claimants increasing faster than female is common across England as a whole, although in both cases the increases have been lower in Solihull than nationally (+142% male, +100% female).
- 3.7 Nearly two thirds of Solihull UC claimants are under the age of 40 (62%), with over one in three under 30 (34%). This is broadly in-line with the England average. Claimant rates in Solihull are highest among 20 to 34 year olds, with these age groups also having the highest rate nationally.
- 3.8 Single households with no child dependents represent 57% of all Solihull households with a UC claim, with the next largest group being single households with child dependents (28%).
- 3.9 There are 4,983 claimants receiving UC who are claiming a Council Tax Reduction (CTR). This represents 57% of our working age caseload, an increase of 15% compared to the same period last year.
- 3.10 Solihull Community Housing (SCH) records show that as at the end of quarter 3, 3,208 Council tenants are in receipt of UC which represents 32.58% of the total number of tenants.
- 3.11 The level of rent arrears owed by Council tenants at the end of quarter 3 is £1,717,368. Of this £1,182,975 (68.9%) related to those tenants claiming UC, however these tenants already had arrears of £699,998 before they made their claim. In comparison the level of arrears of non-UC tenants is £534,394 at the end of quarter 3.

Council Tax Reduction

- 3.12 In April 2013 the national Council Tax Benefit regulations were abolished and local authorities became responsible for developing their own local schemes for Council Tax support.
- 3.13 The impact of Covid-19 has resulted in an increase in the number of new claims received for Council Tax Reduction (CTR). The Council receives CTR claims through two sources – through our online application form and directly from the Department of Work and Pensions where the claimant has made a claim for universal credit and is of working age.
- 3.14 We usually receive an average of 300 new claims per month for those of working age. This has increased to an average of 556 new claims per month from February 2020 to February 2021.
- 3.15 Our CTR caseload as at February 2021 is 14,013. This is an increase of 904 cases compared to February 2020. The number of working age CTR claimants now represents 62% of the total number of cases.

CTR Caseload Figures (as at April each year apart from 2020/21)	
2013/14	18,500
2014/15	16,604
2015/16	16,085
2016/17	15,337
2017/18	14,727
2018/19	13,428
2019/20	12,903
2020/21	14,013

- 3.16 Government has provided local authorities with a 'Covid-19 Hardship Fund'. The Covid-19 Hardship Fund relates to the 2020/21 financial year only and is designed to meet the immediate needs of all working age taxpayers who are currently claiming local council tax reduction. The value of the fund is £1.572million.
- 3.17 As at 23 February 2021 11,204 working age claimants have been eligible to receive the funding, and payments of £1.482 million have been made (11,204 is the total number of claimants who have received a hardship payment and is higher than our current working age caseload figures as claimants move off CTR if their circumstances change).

Removal of the Spare Room Subsidy

- 3.18 There are currently 386 Council tenants affected by the social sector size criteria which is a reduction of 14 tenants from the previous year. Of this group, 164 tenants (42.48%) are in rent arrears which is consistent with other social housing providers in the West Midlands. Of the 386 tenants affected, 249 are registered to downsize with Housing Options with the remaining tenants opting to 'pay and stay'.
- 3.19 There have been no evictions of Council tenants during 2020/21 who were classed as under occupied. The process of pursuing rent arrears has changed as a result of Covid for example with effect from 29 August 2020 a notice of seeking possession can be served after 4 weeks but only where it can be evidenced that more than 6 months of rent arrears were outstanding at the time the notice was served. Cases being re-entered into court now require a reactivation notice and an embargo placed on evictions until at least 14 April 2021
- 3.20 In response to this change there are a number of preventative ways in which the Income Collection Team at SCH are working that has helped to improve the arrears position in comparison to the previous year. This includes closer collaborative working with SMBC's Financial Inclusion Team to maximise discretionary housing payments and an increase in the number of referrals dealt with by the Money Advice Team helping tenants to secure £1,112,203.39 in welfare benefits.

The Benefit Cap

- 3.21 The government introduced a benefit cap from November 2016 of £20,000 per year for couples and £13,400 a year for single people. Those in receipt of a disability benefit, working tax credits, carers allowance or guardians allowance are exempt from the cap.
- 3.22 There are currently 75 live cases in SMBC that are affected by the Benefit Cap, 68 of these are new cases since April 2020. Of the 75 live cases 52 are SCH tenants with 42 currently in rent arrears totalling £31,533.
- 3.23 All customers affected by the benefit cap are contacted by our Financial Inclusion Team to offer support including help to review their financial situation and support around employment, debt and housing options. There continues to be a low engagement rate from this group of customers but we have worked intensively on a one to one basis with 38 customers. Discretionary Housing Payments have been awarded to 37 customers affected by the benefits cap which has helped them to sustain their tenancy.
- 3.24 Of the 37 customers assisted with intensive support 32 were female aged between 30 and 45. 48% live in the north of the Borough with 52% living in the south.

Discretionary Housing Payments

- 3.25 Discretionary Housing Payments (DHPs) is a grant given to local authorities by the government to provide financial support to residents who are experiencing hardship with their housing costs. To apply for a DHP you must either be entitled to housing benefit or the housing costs element of universal credit.

- 3.26 For 2020/21 Solihull's DHP grant allocation was £439,526. To date we have received 531 applications and awarded a DHP to 509 customers an increase of 55% compared to 2019/20. DHP's totalling £423,526 have been awarded to date.
- 3.27 We have continued to assist universal credit customers to claim a one off award of DHP whilst they wait for their initial UC payment to prevent a build-up of rent arrears. Of the 509 DHP's awarded, 399 of these have been awarded to this group of customers.
- 3.28 DHP has also been used to support tenants who are subject to the benefits cap or the social sector size criteria who are experiencing financial difficulties and who are unable to meet their housing costs.
- 3.29 Support through DHP's is provided to tenants who are in rent arrears. Support is also provided to those tenants in temporary accommodation to reduce their rent arrears whilst waiting for alternative accommodation. DHP's are also used to fund a deposit on an affordable property if the property meets the tenants housing need.
- 3.30 We continue to promote the DHP fund to our partners as short term support to all customers who are willing to engage with us to find long term sustainable solutions to reduce their financial hardship.
- 3.31 Of the DHP's awarded 57% were to female customers and 43% to males. The majority of customers live in the north of the Borough (70%) and are under pensionable age (99%).

Discretionary Crisis Fund

- 3.32 The purpose of the Discretionary Crisis Fund (DCF) is to support housing related crisis applications primarily for energy top ups and in exceptional circumstances applications for essential household items such as furniture and white goods. Referrals are also made for food parcels.
- 3.33 Promotion of the DCF scheme was included in the information to our partners around crisis support in response to Covid 19, providing support to those experiencing severe financial hardship.
- 3.34 We have received 1080 applications for the DCF since 1 April 2020. Of these 926 have been approved with 107 awards for essential household items (30 in 2019/20), 409 awards for emergency fuel top ups (337 in 2019/20) and 410 referrals for food parcels (342 in 2019/20).
- 3.35 The spend to date from the DCF budget is £52,309 with the largest area of expenditure being in relation to fuel top ups (spend in 2019/20 was £46,162).
- 3.36 The table below shows the DCF fund from 1 April 2020 including the projected spend for 2020/21:-

DCF Reserve as at 1 April 2020	£206,014
Committed to CWS contract (£41,666 per year for 3 years from April 2019 – 2 years remaining)	£83,332
Projected spend for 2020/21	£59,269
Discretionary Crisis Fund budget from 2021/22 onwards	£63,413

- 3.37 Whilst it was estimated that support through the DCF would reduce over time, the impact of Covid 19 has seen an increase in the amount spent in 2020/21. As the economy slowly recovers it is prudent to expect a similar level of spend in future years.
- 3.38 At the decision session of 2 June 2020 a report was presented regarding the Council's Council Tax Discretionary Reductions Policy. Included in the report was a recommendation that any of the CTR Covid-19 Hardship Fund remaining after reducing the council tax bills of working age claimants by £150 be allocated to the existing Council Tax Discretionary Reductions reserve. This recommendation was approved. All current working age LCTS claimants have now received the £150 reduction. Any new claims made between now and 31 March 2021 will still be eligible for the reduction on a pro-rata basis. Once awarded there is a balance of £88,000 remaining of the Hardship Fund.
- 3.39 The Hardship Fund guidance allows local authorities to use their remaining grant allocation as part of wider local support mechanisms. As demand for the DCF has far outweighed demand for support under the Council's Council Tax Discretionary Reductions Policy, a request is now made for £88,000 of the CTR Covid 19 Hardship Fund to be contributed to the DCF reserve, instead of to the Council Tax Discretionary Reductions reserve as originally approved. This would mean that a budget of £151,413 would be available in the Discretionary Crisis Fund from 2021/22 onwards.

Homelessness Reduction Act Funding

- 3.40 We have been working with colleagues in Housing Strategy and Solihull Community Housing (SCH) to utilise funding from the Homelessness Reduction Act to support applicants in securing rent in advance and rent deposits for affordable accommodation. A budget of £50k was available for 2020/21 with a further reserve of £50k available to manage an increase in demand as a result of Covid (in 2020/21 and 2021/22)
- 3.41 We have worked with 42 customers that were referred to us from colleagues in the Home Options Team in SCH and awarded a total of £48,980 to support these customers into the private sector.
- 3.42 Due to the success of this project we have agreed with colleagues in Housing Strategy to continue with this programme of support for 2021/22. Funding will be provided from the Homelessness Reduction Act to support this.

Financial Inclusion Support

- 3.43 The number of residents requiring support from our Financial Inclusion Officers has increased considerably in 2020/21. A total of 760 referrals were received in 2019/20 with 589 residents actively engaging with the support provided. This has increased to 1107 referrals in 2020/21 with 986 residents actively engaging.
- 3.44 The Financial Inclusion Support team have managed to sustain its partnership working with the DWP Job centre, Age UK Advice Hub and Connect to ensure customers get access to discretionary grants and budgeting support. Despite the restrictions in place as a result of Covid 19, the team have been able to deliver virtual advice using a range of different mediums to continue working with residents on an intensive basis. As a result the team have assisted 62% more residents than the previous year which is due to the increased demand for homeless prevention support, the financial impacts of Covid 19 and increased visibility of the service offer.
- 3.45 There has been an increased focus on case conferencing with social landlords to target tenants that have been financially affected by Covid 19 or have become at risk of a possession order and require more intensive multi-agency working to help manage their housing costs. Grant assistance has also been targeted at tenants in temporary accommodation to assist moves into the private rented sector by providing rent deposits and basic furniture, which in turn minimises this use of temporary accommodation

4. What options have been considered and what is the evidence telling us about them?

- 4.1 Welfare reforms along with Covid 19 continue to have an impact on our residents. The package of support in place through discretionary housing payments, crisis applications and joint working with colleagues and partners through the Financial Inclusion Group helps the Council to support residents in managing those impacts.

5. Reasons for recommending preferred option

- 5.1 Not applicable

6. Implications and Considerations

- 6.1 State how the proposals in this report contribute to the priorities in the [Council Plan](#):

Priority:	Contribution:
Economy: 1. Revitalising our towns and local centres. 2. UK Central (UKC) and maximising the opportunities of HS2. 3. Increase the supply of housing, especially affordable and social	Not applicable

housing.	
Environment: 4. Enhance Solihull's natural environment. 5. Improve Solihull's air quality. 6. Reduce Solihull's net carbon emissions.	Not applicable
People and Communities: 7. Take action to improve life chances in our most disadvantaged communities. 8. Enable communities to thrive. 9. Sustainable, quality, affordable provision for adults & children with complex needs.	Included in the support offered to residents is employment and debt advice. Residents are also signposted to other organisations for more specialist advice and support.

6.2 Consultation and Scrutiny:

6.2.1 Some elements of welfare reforms may require consultation with residents. Members will be advised on these areas in future reports.

6.3 Financial implications:

6.3.1 The Discretionary Housing Payment (DHP) grant of £439,526 for 2020/21 can only be spent on those customers who meet the eligibility criteria. Any unspent DHP at the end of the financial year must be returned to the DWP. It is therefore important that the DHP budget is monitored closely to ensure there are sufficient funds to last the whole year whilst maximising the full amount of grant available.

6.3.2 Detailed monitoring of the other financial support available through the Discretionary Crisis Fund and the grant funded by the Homelessness Reduction Act also takes place to ensure that these monies are utilised effectively and maximised where possible.

6.4 Legal implications:

6.4.1 Any legal implications as a result of any welfare reform changes will be identified and reported to Members as and when applicable.

6.5 Risk implications:

6.5.1 The Council's risk management approach will be applied to any changes where necessary.

6.6 Equality implications:

6.6.1 Information covered in section 3 of this report has included key equality impacts that we are aware of at a local level. We use the equality data to see if the policy and practices are providing fair access and opportunities for all and reducing inequalities.

6.6.2 We will continue to seek ways to establish further collection of equality monitoring data to cover other protected characteristics such as ethnicity or disability.

7. List of appendices referred to

7.1 None

8. Background papers used to compile this report

8.1 None

9. List of other relevant documents

9.1 None