

For General Release

REPORT TO:	Cabinet 16 November 2015
AGENDA ITEM:	8
SUBJECT:	Welfare reforms & future roll out of universal credit
LEAD OFFICER:	<i>Paul Greenhalgh, Executive Director, People</i>
CABINET MEMBER:	Councillor Mark Watson, Cabinet Member for Communities, Safety and Justice
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT:	
<p>Changes from welfare reform create increased pressures for residents with regard to their financial and housing position. When households experience such challenges there are increased risks with regard to stability which in turn place residents and Council services under stress. If we do not plan thoroughly and assist residents, key priorities such as helping our residents to be as independent as possible will become far more difficult to deliver. Priorities that will support residents in overcoming these difficulties include providing high quality information, advice and guidance to support people living independent and healthier lives, supporting residents – young and old - into employment by implementing our new Pathways to Employment programme and building on the success of the Gateway Service by extending the range of households who receive an integrated whole household approach.</p>	
AMBITIOUS FOR CROYDON & WHY ARE WE DOING THIS:	
<p>Independence - helping residents to be as, independent as possible; Financial resilience - Provide a more joined up approach to helping households to become financially stable and personally resilient, to access training and employment, reducing homelessness and the number of people living in temporary accommodation: Fairness – Equalities, Open & Accountable;</p>	
FINANCIAL IMPACT	
<p>The paper sets out the financial risks and implications for the Council and residents. These are to be further developed over the coming months.</p>	
KEY DECISION REFERENCE NO.: Not a key decision	

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below

1. RECOMMENDATIONS

The Cabinet is recommended, having considered the monetary impact and associated risks for residents arising from the forthcoming changes with regard to the next phase of welfare reform and the expanding roll out of universal credit;

1.1 to agree the further local actions proposed in response by the Council to assist residents as detailed at paragraph 7 of this report

2. EXECUTIVE SUMMARY

2.1 The report references the further changes pending with regard to welfare reform over the coming 2 years, with a particular focus on the expanding roll out of universal credit.

2.2 The initial phase of welfare reforms were introduced from April 2013 and centre on 3 major changes, there were:

- Council tax benefit was replaced by Council tax support. Rather than centrally funded fully 100% reimbursed, the Council moved to a fixed grant within the parameters of which allowed the setting of a local Council tax support scheme. During the first year the Council experienced a 10% reduction between Council tax support spend and funding – approx. £3.5m.
- The introduction of the benefit cap, where residents overall annual household income from benefits was capped at £26,000.
- The introduction of bedroom tax, where the benefit received by residents living in social housing was capped by the number of bedrooms they currently need – for example if there was single person living in a two bedroom accommodation their housing benefit entitlement was fixed at the level for one bedroom accommodation.

2.3 The above changes affected over 16,000 residents in Croydon, losing a total of over £8m per annum in welfare benefits. To assist residents the Council set up a number of different support mechanisms working with partners. This included a multi-disciplined function team that assisted in income maximisation, budgeting, housing, finding work and training for work. The team proactively contacted those most at risk, initial targeting focused on those losing over £50 in benefits per week. Whilst the initial target group stretched to 500, the service has now assisted nearly 6,000 residents.

2.4 There is no doubt that the Council and residents have responded well to the initial phase of reforms. There is considerable concern that the next phase of changes increases pressure on those already affected with marginal income and those on low earnings. Previously, working even on low income provided a solution, as did assisting residents with budgeting to meet the difference they

experienced. These will again help residents although it is unlikely they will provide the answer for those experiencing changes for a second time.

- 2.5 This report reflects the numbers of residents affected the monetary impact and in turn some of the associated risks along with the action the Council has and will take to assist residents.
- 2.6. The impact analysis of changes to tax credits included in this report was completed prior to the latest government announcement. Peers have since voted by a majority to call for the government to delay the implementation of tax credit cuts and produce a scheme for full transitional protection for those residents who will lose income. Full details of the transitional tax credit relief and timings of the proposed changes will be announced at the end of November in the chancellor's autumn statement. The council will then review the impact of this on residents.

3. DETAIL

- 3.1 Further to the Welfare Reform Act that received royal assent in March 2012, the Chancellor of the Exchequer set out in his statement in the July 2015 budget the next phase of changes in relation to welfare reform.
- 3.2 £12bn savings in welfare spending will be made over four years from 2016/17 to 2019/20 through a number of measures. These present local government with major challenges around both increased demand for services and the discharge of its housing responsibilities
- 3.3 Main changes that will take place from 2016 to 2017:
 - Benefits freeze - Working age benefits (including tax credits and local housing allowances) will be frozen for four years from 2016/17 to 2019/20. Statutory payments and disability benefits will continue to increase by the Consumer Price Index (CPI) rate.
 - Tax Credits - The level of earnings at which a household's tax credit starts to be withdrawn for every extra pound earned will be reduced, from £6,420 to £3,850, and the rate at which the credit is reduced will accelerate. Support through Child Tax Credit will be limited to two children for children born from April 2017. Equivalent changes will be made to Housing Benefit.
 - Household Benefit Cap - The £26,000 cap on the amount of benefit that a household can receive will be reduced to £23,000 in London, though claimants in work will continue to be exempt from the cap. In Croydon 305 households are already capped, and face a further income reduction of £58.31 per week, with 215 facing a significant risk of eviction. 90 of these will require a move to homes outside London and the South East; the remainder will need other interventions to prevent homelessness. 653 households with over 1750 children in Croydon will be affected by the cap for the first time.
 - Backdating of housing benefit - Reduced from 6 months to 1 month. Currently residents are able to apply for backdating of their claim if they

can demonstrate good cause, i.e. in hospital, experiencing domestic violence. From the 1 April 2016 this will be limited a single month. Last year over 10,000 residents were supported in this way.

- Employment and Support Allowance - From April 2017, new claimants of Employment and Support Allowance (ESA) who are placed in the Work-Related Activity Group will receive the same rate as those claiming Jobseeker's Allowance, alongside additional support to help them take steps back to work.
- Youth obligation for 18 to 21s - from April 2017, jobless 18 to 21s will have to participate in intensive support and after 6 months apply for an apprenticeship or traineeship, gain work-based skills, or go on a work placement. Automatic entitlement to housing benefit for that age group will be abolished. In Croydon 650 single claimants of housing benefit are age 18-21, of which 147 are care leavers and may be exempt from this measure. Other exemptions will include vulnerable young people and those who have been in work for 6 months prior to making a claim.
- Reduced housing costs for single residents – under current housing benefit regulations, single people over 35 receive a maximum of £152 per week. From April 2017 under universal credit their maximum housing support is limited at £82 per week
- Capped child premium – under means assessed benefits a premium is awarded for every child within a household/household. From April 2017 all new applicants under universal credit will have their assessments limited to 2 children

3.4 **Universal credit:** A major part of the reforms is the centralisation of all means tested welfare benefits under one title, universal credit (UC). As a result, residents receiving payments from different sources in relation to various entitlements in future will be assessed through a single assessment and single payment mechanism. It is believed that under UC and working residents are in an improved financial position, reflected in appendix 1.

3.5 The main administration change for local authorities is the approach to housing benefit assessment as this will then form part of UC. These changes exclude pensioners.

3.6 The Department of Works and Pensions (DWP) have targeted nationally that all local authorities have commenced phased roll out of UC by April 2016. There are currently two types of UC roll out.

- Live - affects only single residents whom have no dependants and are not deemed too sick to work. Typically these residents would have made a claim for Job Seekers Allowance Income based.
- Digital - which affects all residents making a new claim for Housing Benefit, Jobseeker's Allowance, Income Support, Employment & Support Allowance and Working/Child Tax credits residents are being directed to make a claim for Universal Credit. There will be no change to existing claimants who already receive these benefits.

3.7 Croydon was selected to commence the phased roll out of digital implementation from June this year; it is only the second authority nationally to

commence the digital roll out, London borough of Sutton being the first. UC started in CR0 2 and from July to September the Council has had 383 claims for UC with 221 including housing costs (with housing costs confirms a rental liability).

- 3.8 What this means for residents: Residents will receive a single payment into their bank accounts each month, which is paid monthly in arrears. This replaces the existing multiple payments that claimants receive from different organisations e.g. Job Seekers Allowance from the DWP, Working/Child Tax Credits from HMRC and Housing Benefit from the Local Authority. Unlike Housing Benefit which can be paid direct to a landlord, the housing element of Universal Credit will be paid direct to claimants.
- 3.9 What this means for landlords: Landlords will no longer receive Housing Benefit paid directly to them. The local authority and Job Centre Plus (JCP) staff will be working closely with them to ensure that residents do not build up rent arrears, and become at risk of eviction. Arrangements through UC are in place to pay landlords direct if a resident is vulnerable, not able to manage their financial affairs, or they have 8 weeks rent arrears.
- 3.10 The current referral process is working well and proving successful, although it confirms that 24% of cases have either a high or medium support need. Whilst the numbers are limited there is an underlying concern; as the programme expands how the Council will meet the increasing demand and the consequences if it does not. The Council has also to date only received one application from a short term accommodation resident, a known group that is vulnerable and transient. With changes planned for April 2017 limiting the level of housing assistance through UC that a single resident will receive, moving from £155 to £82 per week, this is a group that will be further exposed to risk. It is also very early to tell what the impact with regard to rent arrears is, especially for Council tenants.
- 3.11 Further roll out. It has been confirmed that Universal Credit Digital will be rolled out in following post codes from
- 04 November 2015 CR0 2. (On average 20 new claims per week)
 - January 2016 CR0 0, CR0 1, CR0 2, CR0 3, CR0 4, CR0 5, CR0 6, CR0 7, CR0 8, CR0 9, CR9, SE25 4, SE25 5 (On average 160 new claims per week)

- 3.12 In total, by the end of March 2016 there will be on average 200 new universal Credit digital claims per week and a total of 1839 residents in receipt of Universal Credit Live. Our current caseload at the end of September 2015 excluding pensioners is just under 30,000 claims.
- 3.13 In addition to this, Universal Credit Live will be rolled in the remaining Croydon Postcodes between January 2016 and April 2016. All of CR7 and CR2, SE25 6, CR3 0, CR3 5, CR5 1, CR5 2, CR5 3, CR6, CR8. For residents living in these postcodes that are a couple or have dependents or are too sick to work, they will continue to claim Income Support, Employment & Support Allowance and Working/Child Tax credits and Housing Benefit. The numbers are to be confirmed although they are believed to be far lower due to the nature of the roll out, limited resident groups and these postcodes derive from smaller offices in Thornton Heath and Purley.

LOCAL IMPLEMENTATION AND IMPACT

- 3.14 The Council have worked closely with JCP and developed a referral system, where it aims to identify vulnerable residents segmenting them into categories of high medium or low support need. These are residents who could be at risk of eviction, be in arrears, in debt or need assistance in financial management, seeking permanent accommodation or employment or training for employment. Of the 221 cases with housing costs the Council has received 83 referrals - 15 of these were considered high risk, 38 medium and 30 low. Appendix 2 holds a complete breakdown of the 15 high risk referrals, in summary:
- 4 lone parents
 - 9 single
 - 1 household
 - 4 had been served with notices of eviction
 - 8 were in rent arrears
 - 12 stated their preferred solution was to find employment
 - 1 homeless resident
 - 1 substance misuse resident
 - 7 residents required support from either discretionary housing payments or Croydon's discretionary schemes
- 3.15 The table below confirms the date of the change, the number of residents affected the financial implications for residents and some of the possible impacts.

Change	Effective date	Number of residents	Reduction in support (000)	Impact
JSA,ESA work related component, IS and Local Housing Allowance all frozen for 4 years	1.4.2016	24,253	Frozen	Tenants in the private rented sector at risk of increased deprivation and homelessness if rent is increased annually
Reduction in tax credits	1.4.2016	10,105	£12.6m	Increased cost to Council, due to additional award of Council tax support. Average loss is £23.63 per week
Reduce Housing benefit backdating from 6 months to 1 month	1.4.2016	1020	£0.8m	Reduced opportunity to back date housing benefit. Increased pressure on rent arrears.
Benefit cap	Oct 2016	955 (653 new)	£3.1m	Overall household income is capped to £442 per week, a further reduction of £58.23 for those already affected with an average loss of £60.62 per household
ESA (work related) capped to JSA levels	1.4.2016	290	£0.6m	Reduced income for those deemed not able to work claim JSA. £40 per week.
Excluding 18 to 21 from Housing benefit	1.4.2017	475	£1.8m	Residents currently in receipt of housing benefit are now zero entitled. Excluded groups include the disabled, those with dependents; previous looked after children and those who have been employed in the last 6 months.
Universal Credit single room rate	1.4.2017	140 (reducing from £155 to £82)	£0.5m	Reduced support of housing costs owing to type of residents single, reducing from £155 to £82 per week.
Universal and Child Tax credits Capped at 2 children. Claiming for the first time	1.4.2017	2048	£229 per child	Where a household has more than two children benefit will be capped at 2 children. Impact for those moving to UC is a loss of £229 per child as claim will be deemed a new claim.

- *Numbers confirmed as at 25 September

3.16 **Council Tax Support (CTS)** The Council's CTS has remained below the notional funding level since its introduction in 2013/14. This notional funding level represents 90% of the value of Council Tax Benefit expenditure that the scheme replaced in 2012/13. This level of performance was achieved through a detailed review and restructuring of the CTS scheme. In 2015/16, CTS expenditure is projected to be some (£1.8m) below the 2012/13 funding level (£0.8m in 2014/15), though it is important to note that the Council's grant funding has also reduced during this period, and the baseline calculation of CTS funding does not represent actual ring-fenced grant to cover CTS expenditure. Levels of CTS expenditure are managed as part of the Council's collection fund process, which at the end of the 2014/15 financial year held a surplus of £2.1m available to LB Croydon.

3.17 Welfare reform changes are likely to result in more residents requesting support with their Council tax payments. Initial review work has identified a potential increase in CTS expenditure of £1.1m for 2015/16. Increases in costs will be reviewed and managed as part of the Council's collection fund, which itself

feeds into the Council's strategic budget setting process.

- 3.18 The council is already experiencing increased pressure with regard to temporary accommodation. This year we have seen an increase of 15% in applications of homelessness. It is also noticeable that customers seeking assistance have increased complexity; therefore establishing alternative accommodation is increasingly difficult. Both aspects are contributing to an in year pressure of over £2m.

4. CONSULTATION

- 4.1 Not applicable in the context of the report

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 5.1 Not applicable in the context of revenue and capital. Financial impacts are held in the detail in 3.15 to 3.18.

6 RISKS

- 6.1 While CPI inflation is low and not expected to reach 2% until 2020, housing costs are rising. Between 2011 and 2015 rents of one bedroom flats in Croydon rose by 14% and rents of two, three and four bedroom homes rose by 20%. Thus the 13,781 housing benefit claimants of working age renting privately in Croydon will face difficulties in remaining in their homes.
- 6.2 Landlords could be less likely to accept housing benefit claimants as new tenants, as the Local Housing Allowance only enables them to afford rents in the bottom 25% of the market, and for one and two bedroom homes even less. The loss of private tenancies is already the fastest rising cause of homelessness, with a 261% increase in the number of homeless households placed in temporary accommodation for this reason in 2010 to 2015. This benefit freeze impedes the Council's ability to procure housing to temporarily house homeless households and it is likely that this will mean that the options for an increasing number of households will be restricted to an out of borough offer in a more affordable area.
- 6.3 Household sized housing association homes let at 'affordable rents' may no longer be affordable to applicants on benefits. According to a report by the Smith Institute, some housing associations are more reluctant to house poor and vulnerable people. This makes it harder for Councils to discharge their housing duty to homeless households.
- 6.4 Discretionary Housing Payments (DHP) can be used to mitigate the effects while claimants work to attain a sustainable solution. However, the DHP budget allocated to Croydon for 2015/16 was reduced by £500,000. It has been confirmed that a national budget has been allocated of £800 million for DHP; it remains to be seen what amount is allocated to Croydon.
- 6.5 Arrears increase, payments to the Council fall into default such as Council tax, Council tenant rents, and care costs

- 6.6 Increased impact on third sector providers with regard to resident demand at a time where we are reviewing funding arrangements.

7 FURTHER LOCAL ACTION PLANNED

- 7.1 Multi-disciplined function – in light of the original welfare reform that took effect from April 2013, the Council set up a multi-service team that provided holistic solutions for residents, considering finance, housing, debt management and establishing employment or training for employment.

Financial stability is at the core of our approach; in line with the Council's financial and digital inclusion policies, an online budget planning tool is provided. Assisting our residents to self-serve, the Council provides support around areas of high expenditure, e.g. reducing payment plans where they are unaffordable, lowering mobile phone, TV and energy costs. The budget is then reviewed at agreed points. The resident can complete and review the online tool at any point and then share this by email with the Council and any party they receive support from; support workers, 3rd sector partners.

All debts to the Council are considered when supporting residents in agreeing affordable payment arrangements. Payment arrangements prioritise resident's debts and agree stepped payment plans in line with their action plan that increase as the resident's circumstances improve and disposable income increases.

Employment support is provided to residents out of work. This support is provided in partnership with Job Centre Plus (JCP) and JCP work coaches are collocated at the Council's offices to provide employment support.

- 7.2 Owing to the success of the work directly assisting over 5,000 households, the methodology forms part of the Council's new gateway & welfare division in the people department. The division focuses on identifying residents in or on the cusp of crisis working with them in establishing long term sustainable solutions, proactively identifies residents at highest risk; those who have defaulted on payment arrangements, have multiple debts to the Council, are living in emergency accommodation but have not claimed housing benefit, have high levels of rent arrears.

As part of the Council's Digital and Enabling programme, business intelligence will be developed to enhance this process and provide further insight into residents at risk.

- 7.3 The breakdown of residents assisted from April 2013 to September 2015 was as follows:

Moved	1,952
Into work	656
Budgeting	1,617
Now entitled to exempting benefit such as personal independent payment (PIP)	149
No longer affected, owing to initial engagement	1,060
Total	5,435

- 7.4 A key consideration is homelessness, which is already a significant challenge within Croydon. A number of households already present for homeless assessment each month, circa 400 a month.
- 7.5 With Housing Needs and Assessment moving into the Gateway and Welfare directorate, the service will start to redress the current pressure. All residents who present to the Council as homeless will be triaged and segmented into casework; where there is an immediate need and prevention. The prevention service builds on the success of the Gateway and Welfare pilots conducted during the summer. Residents will receive support to enable them to either remain in their property or where this is no longer affordable, manage their move to suitable homes.
- 7.6 Where eviction can't be prevented and the Council places residents in emergency accommodation, they will already be engaging with the service and will continue to receive support in finding a more sustainable and financial stable outcome.
- 7.7 However, further welfare reform will almost certainly increase the numbers of households where out of borough placement is used. Households will be left with minimal money to pay rent, where this is the case it is key that the Council are able to assist in finding safe, sustainable and affordable solutions with the households. In many cases such accommodation may be a considerable distance from Croydon to meet these criteria.
- 7.8 Once households are placed the Council also needs to invest in ensuring that the placements are sustained. Failure to do so leaves a real possibility that the outcomes achieved and investment by the Council will be lost, the household returns to Croydon and the cycle is repeated at further cost to the Council.
- 7.9 Residents will receive support to enable successful outcomes to be sustainable; budgeting support will be given to ensure that they can meet their new rent and housing costs including assistance in setting up these new payment arrangement, housing benefit entitlement and Council tax liability will be assessed promptly to avoid overpayments and where residents receive support from adults or children's social care, this will be coordinated.
- 7.10 The increase in applications from homeless people and the acute housing supply has already resulted in accommodation to discharge the council's duties towards homeless people being provided out of borough. Policies for the supply and allocation of temporary accommodation are being drafted to replace the existing out of borough policy and ensure compliance with the recent

Supreme Court judgement *Nzolameso v City of Westminster*. Additionally, a Private Rented Sector Policy setting out how the council uses the power to end the homeless duty with an offer of private rented accommodation is being drafted.

7.11 As explained above, the initial approach is to proactively support and assist households to a sustainable solution. However, where a household are unable or unwilling to find or move to an affordable solution, the Council will have to fund the difference in the rent. While each case is treated on its individual merits and risks, the Council will seek to minimise this on-going financial commitment by re-locating the household to a suitably cheaper rental area.

7.12 There are a number of routes available to the Council in terms of dealing with the potential or actual homelessness application. In essence each of these will include reasonable and suitable accommodation offers somewhere in the country still aligned to the safe, sustainable and affordable approach. That offer will be aligned with input from children’s services and will include appropriate support to assist the household to stay and integrate into the area.

7.13 The scenario will be different and more complicated where there are children in the family and thus we will ensure our offers take into account our duty to safeguard and promote the welfare of any children in the household and the whole impact on the public purse, although this continues to be a very technical and difficult area and subject to challenge. Our obligations will be reflected in the new Temporary Accommodation Allocation Policy and in our operational processes. A joint protocol is already in place between housing and children services departments for cases where housing finds the household intentionally homeless.

7.14 Review and improve all information & advice and support, both internally and that which the Council commissions from the third sector – Council officers are currently carrying out a review of the information and advice provided internally, by partners and the community.

7.15 The aim of the review is to map the current level of provision considering duplication, effectiveness and whether outcomes are measured. From the review the aim will be to better target support to residents focusing on the principles agreed as part of the Councils approach to financial inclusion:

Principle	What does this mean
Ensuring residents have access to financial products; such as bank accounts and insurance	Allowing residents to maximise the most of financial products; receive faster payment, direct debit cost savings (and to assist budget management) and cover for unexpected events
Educate and develop the skills for all residents to allow them to budget and manage money, or plan for the unexpected	Through budgeting each resident can understand the reality of their income and expenditure, ways to maximise their income, prioritise debts, make lifestyle choices, understanding ways of saving money – food banks, charity shops, energy suppliers, transport etc.
Enabling people to make the most of their money through digital services	Each resident to recognise and have access to the financial benefits of using

	digital services (paying rent online, requesting benefits) and opportunities to save money through internet deals; freegle, uSwitch, shopping deals, ways to eat healthily for less
Ensuring there is access to affordable credit	Residents can source the credit that is required for unplanned unexpected events and what impact does this have on their budget. Promotion of Credit Unions, or social fund as an alternative to high interest credit (pay day lenders etc.)
Provide skills and opportunity to enter and own their future in employment	Residents understand their capability and the skills required to realise their ambitions. Having access to employment opportunities that match their skills, and keenly recognise the value of employment to them and society.

- 7.16 As part of the work on financial inclusion from February this year the Council has:
- Trained over 300 Council employees in welfare, housing, resident services and benefits to provide basic budgeting support to residents
 - Explored key services to provide money saving support and debt guidance, after which the aim is to agree joint approach/sign posting
 - Reviewed self-serve options regarding budgeting, consider usage, functionality and promotion
 - Identified and contact claimants that do not have a bank accounts actively work with them to put bank accounts in place
 - Engaged with Credit Unions on service provisions and accessibility, whilst considering increased services
 - Agreed approach with banks in relation to setting up bank accounts and financial support
- 7.17 Working with partners: the Council have started to engage with a number of registered social landlords (RSLs) who have carried out innovative solutions to those facing financial uncertainty. Further workshops are planned over the coming months as UC is further rolled out and work with other partners such as credit unions is being progressed.
- 7.18 Internal board of senior officers – It is has been agreed that a board of senior officers is set up to consider the impacts and responses to the pending welfare changes. The board will ensure matters are coordinated corporately. The aim is to hold the first meeting in November 2015.

8. COMMENTS OF THE BOROUGH SOLICITOR AND MONITORING OFFICER

- 8.1 The Council Solicitor comments that while there are no direct legal comments arising from this report, the actions detailed above will be relevant in mitigating demand on the Council's duties relating to housing and children.

(Approved by: Gabriel Macgregor, Head of Corporate Law on behalf of the Council Solicitor and Monitoring Officer.)

9. HUMAN RESOURCES IMPACT

- 9.1 There are no direct Human Resources considerations arising from this report as such; however, the content of this report will have an impact on the future development of the new gateway & welfare division, which is likely to have HR implications. Where that is the case, the Council's existing policies and procedures must be observed and HR advice sought.

(Approved by: Debbie Calliste, HR Business Partner, on behalf of the Director of Human Resources)

10 EQUALITIES IMPACT

- 10.1 Changes from welfare reform have created increased pressures for residents with regard to their financial and housing position. The introduction of council tax support and the benefits cap affected over 16,000 residents in Croydon, losing a total of over £8m per annum in welfare benefits
- 10.2 The Council has proactively worked with partners to set up a number of different support mechanisms to help mitigate the adverse impact of welfare reform on residents. This includes a multi-disciplinary team that has assisted residents in income maximisation, budgeting, housing, finding work and training for work. Initially support was provided to 500 residents that were most at risk (losing over £50 in benefits per week) and to date assistance has been provided to almost 6000 residents
- 10.3 The main changes to be introduced in 2016/17 will affect Croydon residents in a disadvantageous manner. This includes:
- 305 households in Croydon already have their benefits capped. They face a further income reduction of £58.31 per week, with 215 facing a significant risk of eviction. 90 of these will require a move to homes outside London and the South East and the remainder will need other interventions to prevent them from becoming homelessness
 - 653 households with over 1750 children in Croydon will be affected by the benefits cap for the first time
 - Increase in the number of residents requesting support with their council tax payments. This will lead to increased costs for the Council.
 - Tenants in the private rented sector at risk of increased deprivation and homelessness. Currently, Croydon has 13,781 housing benefit claimants of working age renting privately

- Increased pressure on rent areas due to reduced opportunity to backdate housing benefit
- Increase in homelessness
- Increased pressure on the provision of temporary accommodation
- Increase the numbers of households where out of borough placement is used

10.4 The Council is currently planning further local action to help reduce / mitigate the likely adverse impact on those residents that are most vulnerable and most at risk. The Council's new Gateway and Welfare division will lead on this work and build on the successful model that has been in place to support residents since 2013. This included a multi-disciplined team that assisted in income maximisation, budgeting, housing, finding work and training for work

10.5 As a part of the planning local action, the Council is:

- Carrying out a review of welfare information and advice that is provided internally, by partners and community groups to reduce duplication and improve effectiveness
- A new temporary accommodation allocation policy is being put in place to support those most at risk and where there are children in the family
- Engaging with Registered Social Landlords to build on the innovative solutions that they have developed to those facing financial exclusion
- Setting up an internal board with senior officer membership to consider the impact of impending welfare changes on customers (including those that share a protected characteristic) and the support that the Council can provide to mitigate the likely adverse impact

10.6 As a part of planning local action, the internal board will ensure that an **equality analysis** is undertaken to clearly assess if the impact of the new welfare changes that are due to be introduced is likely to be more disadvantageous for those customers that share a "protected characteristic" compared to those who do not. Through the equality analysis appropriate mitigating actions will be defined and delivered to support customers. The equality analysis will be completed by 18th December 2015

10.7 This will also enable the Council to deliver the following equality and inclusion objectives and priorities that are set out in the Council's equality and Inclusion policy 2014-16:

- Make Croydon a place of opportunity and fairness by tackling inequality, disadvantage and exclusion
- Promote financial and digital inclusion by supporting local people, families and communities, to be resilient and independent

11. ENVIRONMENTAL IMPACT

11.1 Not applicable for this report.

12. CRIME AND DISORDER REDUCTION IMPACT

12.1 Not applicable for this report.

13. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

13.1 To seek members opinion and increase awareness with regard to the of welfare reform.

14. OPTIONS CONSIDERED AND REJECTED

14.1 There are no options to consider in this report as it focused on raising awareness and building on success so far.

CONTACT OFFICER: Mark Fowler, Director, Gateway and Welfare Support

BACKGROUND PAPERS: none

Appendices:

Appendix 1: Financial changes of moving to universal credit

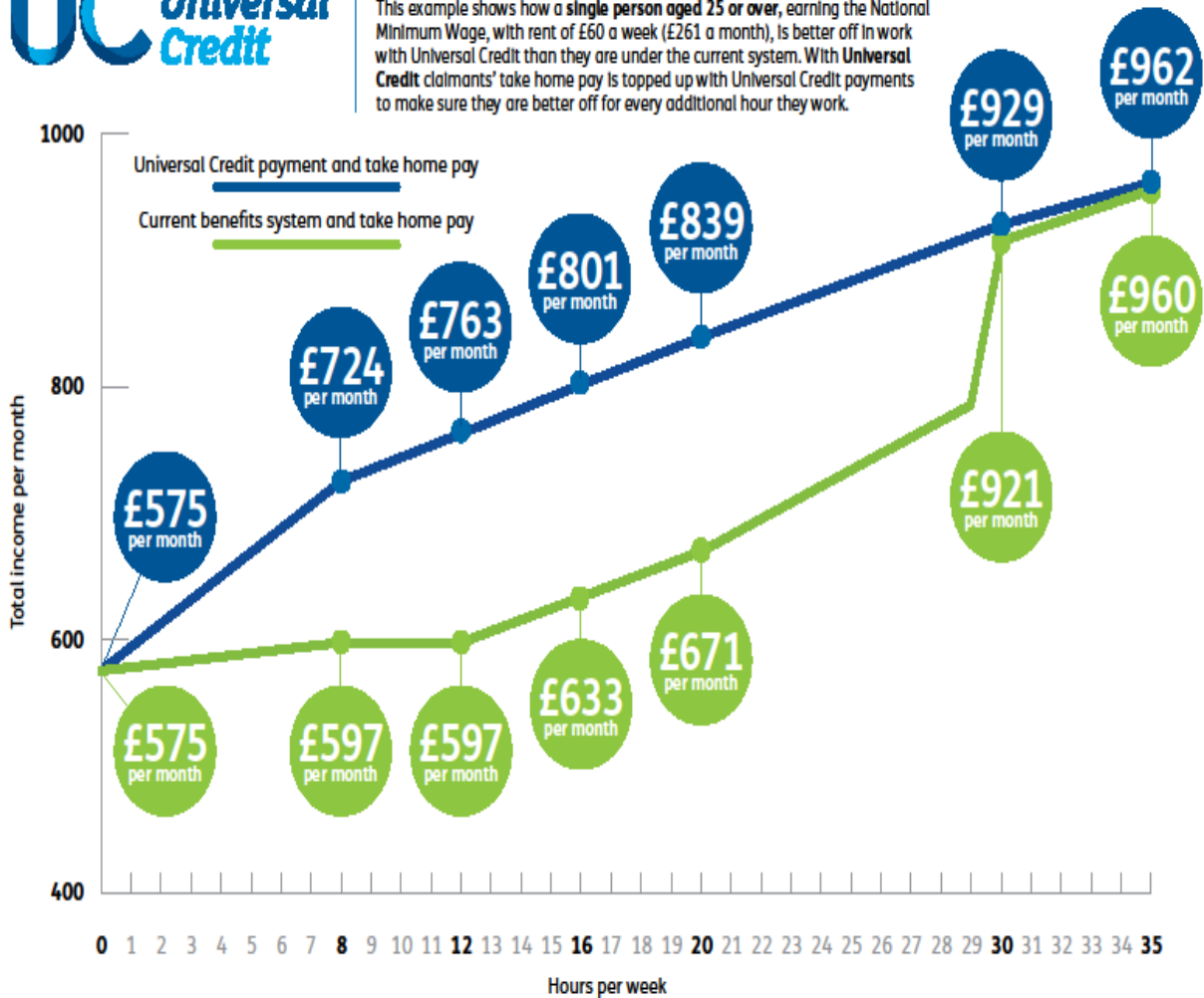
Appendix 2: Detailed breakdown of high risk cases for universal credit referral

Appendix 1 - Financial changes of moving to universal credit



Making work pay

This example shows how a single person aged 25 or over, earning the National Minimum Wage, with rent of £60 a week (£261 a month), is better off in work with Universal Credit than they are under the current system. With Universal Credit claimants' take home pay is topped up with Universal Credit payments to make sure they are better off for every additional hour they work.



N.B. Total Income consists of net earnings (after Tax and National Insurance) and benefit income, including help with housing costs. All figures are set to assumed 2014/2015 rates.

Universal Credit

8 hours		20 hours		30 hours	
Earnings	£219	Earnings	£548	Earnings	£804
UC standard allowance and housing costs element		UC standard allowance and housing costs element		UC standard allowance and housing costs element	
less deduction for earnings*	+ £505	less deduction for earnings*	+ £291	less deduction for earnings*	+ £125
Earnings plus Universal Credit	£724	Earnings plus Universal Credit	£839	Earnings plus Universal Credit	£929

* A work allowance of £111 (for a single person with housing costs element) is deducted from earnings after which 65% of earnings are taken into account for calculation.

Current system

8 hours		20 hours		30 hours	
Earnings	£219	Earnings	£548	Earnings	£804
Jobseeker's Allowance plus Housing Benefit	+ £378	Housing Benefit	+ £123	Working Tax Credit	+ £117
	= £597		= £671		= £921

Appendix 2 - Detailed breakdown of high risk cases for universal credit referral

	Household composition	Support required/solution	Reason for Referral
1	Lone Parent	Work Preparation	Section 21, Risk of Homelessness and high levels of debt
2	Lone Parent	Keeping in touch with the labour market	Previously homeless, moved into new property with 6 children
3	Single	Intensive work search (Jobseeker Allowance)	Care leaver, pregnant with twins, has had no gas for 2 years. Risk of eviction
4	Single	Intensive work search (Jobseeker Allowance)	Very high rent arrears, ctax arrears and HB overpayment. Over £20k worth of debt
5	Single	Intensive work search (Jobseeker Allowance)	Section 21 and bailiff warrant issued. High levels of external debt
6	Single	Intensive work search (Jobseeker Allowance)	Resident was homeless with high levels of Debt
7	Single	Intensive work search (Jobseeker Allowance)	Section 21 and high rent arrears. Resident also has substance misuse issues
8	Single	Intensive work search (Jobseeker Allowance)	Resident has Substance misuse issues and arrears with bailiffs
9	Household	Intensive work search (Jobseeker Allowance)	High Rent arrears and in the process of being evicted
10	Single	No Conditionality	Rent arrears of over £4k and has mental health issues
11	Lone Parent	No Conditionality	Rent arrears and resident was recently on ESA
12	Lone Parent	Keeping in touch with the labour market	Resident is a lone parent who is homeless
13	Single	Intensive work search (Jobseeker Allowance)	Resident is homeless
14	Single	Intensive work search (Jobseeker Allowance)	Resident has stated that they have received eviction order outstanding HB o/p and arrears with bailiff.
15	Single	Work Preparation	Rent Arrears and NSP