

CUMBRIA WELFARE REFORM COMMISSION REPORT JUNE 2014

EXECUTIVE MEMBER: Councillor Gillian Troughton
LEAD OFFICER: Julie Betteridge, Head of Customer and Community Services
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WHAT BENEFITS WILL THESE PROPOSALS BRING TO COPELAND RESIDENTS?

The benefits are to seek to reduce the impact for the people of Copeland following the introduction of Welfare Reform.

The recommendations from the report seek to ask Central Government to review its policy in four areas; Universal Credits, Sanctions, Disability Benefits and Housing 'under-occupation'; requests that the Department of Work and Pensions consider within local improvement programme four recommendations concerning its practices; and minimise local hardship.

WHY HAS THIS REPORT COME TO THE EXECUTIVE?

(eg Key Decision, Policy recommendation for Full Council, at request of Council,etc.)

Cumbria Leadership Board (CLB) commissioned the Bishop of Carlisle to look at the actual impact of Welfare Reform in Cumbria.

The findings of the report were presented and endorsed by Cumbria Leaders Board on 27th June 2014.

RECOMMENDATIONS:

Executive is asked to:

- a) Note the findings of the report.
- b) Agree to adopt the recommendations and link these with the existing activities of the Council.
- c) To note that further reports will be submitted in the future

1. INTRODUCTION

- 1.1 The Welfare Reform Commission was created at the request of Cumbria Leadership Board in response to a report taken to the CLB in July 2013.
- 1.2 The Commission's aim was to
 - a) Engage with individuals and organisations to understand the Cumbrian impact of welfare reform.
 - b) Identify how to minimise the impact on disadvantaged people.
 - c) Publish findings and make recommendations to the Third Sector Network and Cumbria Leadership Board.
- 1.3 The Third Sector Network led the Commission's work through the vice-chair Andy Beeforth, supported by staff from Cumbria County Council. The Commission was chaired by the Bishop of Carlisle, James Newcome.
- 1.4 The Report was launched by the Bishop of Carlisle in June 2014. (see appendix A)

2. DISCUSSION

- 2.1 The Welfare Reform Act came into being in 2012.
- 2.2 The changes in the welfare system are designed to limit eligibility for a range of benefits, to encourage employment for those able to work, as well as streamlining the systems to achieve long term reduction in welfare spend.

The Welfare Act only applies to work age benefit claimants.

Pensioner benefits are protected although changes in separate legislation are altering the age of eligibility.

- 2.3 Changes reflect the Government's intention to simplify the welfare system across the board, rather than add to the complexity of changes that have been introduced over a number of years.
- 2.4 Packages of changes to benefits being implemented include:
 - A Household Benefit Cap of £500 a week for families
 - Housing Benefit under-occupation rules

- New commitments for jobseekers searching for work and a change to the sanctions regime
- Re-assessment of disability benefits and the introduction of new benefits
- Reform of the crisis loan system
- The combination of 6 benefits into one single monthly payment under Universal Credit

2.5 It is envisaged that these changes will have direct financial impacts on some individuals, their families, and on local communities.

2.6 Of the 40,000 people claiming working age benefits in Cumbria 15.2% live in Copeland. All claimants and future benefit claimants are experiencing or will experience changes to benefits, either in the amount or type of benefit change, or the way it is paid.

The Council is working to support vulnerable resident during this period and is responding to some of the impacts of national welfare reforms in a number of ways.

Measures include:

- Discretionary Housing Payments to support individuals and families affected by the “bedroom tax” while they address their longer term housing situation;
- Signposting and referral to partner agencies and other welfare providers for those experiencing hardship or needing debt or benefits advice.
- Housing Options Advice
- Homelessness Prevention funding to avert the threat of homelessness for vulnerable people who have fallen into rent arrears as a result of the “bedroom tax” or benefit changes/sanctions
- Supporting the Foodbank
- Our introduction of Capita Connect IT system will allow all Copeland residents to be able to manage their council tax account online. This will provide a much improved service for customers who wish to have more control over the management of their accounts.

2.7 There are networks of organisations providing support to people to understand and adapt to changes being introduced.

3. CONCLUSIONS

- 3.1 Changes to the welfare reform, will impact on individuals, families and local communities throughout Copeland.
- 3.2 There will be a reliance on many local organisations in helping citizens to meet the challenges of welfare reform.
- 3.3 The Welfare Reform Commission's report raises a number of concerns including the way that it is being implemented, and the net financial impacts on households. In addition the Commission believe some areas of the welfare reform require legislative changes, particularly in respect of impacts on under-occupancy penalties, the need to improve support for vulnerable adults and the impact of benefit sanctions.
- 3.4 The Commission has stated that there is a role for Cumbria Leadership Board to play in ensuring that initiatives to reduce the impacts of the reforms are coordinated and focused.

4. STATUTORY OFFICER COMMENTS

- 4.1 The Monitoring Officer's comments are:

No additional comments

- 4.2 The Section 151 Officer's comments are:

The Council is working to support vulnerable resident but this must be done within the confines of the funding available.

- 4.3 EIA Comments

The Council considers the Equality Act 2010 Public Sector equality duty and impact of welfare reform and the impact on the protected characteristics to ensure that we take advantage of any opportunities to advance equalities.

- 4.4 Policy Framework

In line with the Council's key priorities it will work to be an effective public service partner so we can get the best deal for Copeland, as well as working to

help build capacity within communities to respond to the changes, find solutions and seek opportunities to help deliver local services for those who are or may be affected by the introduction of welfare reform.

4.5 Other consultee comments, if any: None

5. RESOURCE REQUIREMENTS

5.1 The Council may want to link the recommendations from the Commissioners report with its existing activities. It will absorb the work from the report within existing council resources.

6. HOW WILL THE PROPOSALS BE PROJECT MANAGED AND HOW ARE THE RISKS GOING TO BE MANAGED?

6.1 The work resulting from the recommendations will be managed within existing council resources.

7. WHAT MEASURABLE OUTCOMES OR OUTPUTS WILL ARISE FROM THIS REPORT?

7.1 The outcome is that the Commission seeks to influence:

- a) Central government to review current policy in four areas. Universal Credits, Sanctions, Disability Benefits and Housing 'under-occupation'.
- b) Department of Work and Pensions (DWP) to consider within local improvement programme, four recommendations concerning its practices, as set out in section 2.0 (2.30) of the report.

And

- c) To minimise local hardship arising during the implementation of welfare reforms, the Commission asks the CLB and DWP to coordinate and commission assistance, advocacy and support, through sharing information, shared commissioning, developing and growing capacity, reducing future risks, and then, monitor the progress.

List of Appendices

Appendix A – Cumbria Welfare Reform Commission, Executive Summary

List of Background Documents:

Cumbria Welfare Reform Commission, June 2014. Report of Findings.

**CUMBRIA WELFARE REFORM COMMISSION
JUNE 2014**

SUMMARY

FOREWORD

As a Commission, we were asked to look at the actual impact of Welfare Reform in Cumbria. For all of us, this proved to be a fascinating, moving and illuminating exercise as we interviewed a wide variety of ‘providers’ and recipients in various locations around the County. Together we spent many hours in the company of over a hundred people and organisations.

Inevitably, our report is a ‘snapshot’ which records the situation as we found it early in 2014. We are well aware that the reform of an immensely complex and bureaucratic system is a work in progress. Considerable efforts are being made to iron out inconsistencies and improve delivery, and we are grateful for them.

However we also became acutely aware of some of the ‘unintended consequences’ of reforms such as the so-called ‘Bedroom Tax’ and monthly Universal Credit payments to claimants, as well as the effect of a sanctions regime on people who live hand to mouth on very low incomes. We concluded that the ‘Bedroom Tax’ although potentially relevant in other parts of the country has no rationale in Cumbria and we ask for local discretion in implementation.

We saw for ourselves that although a tiny minority of claimants may be fraudulent, the vast majority would much rather not be on benefits. We also began to appreciate how many of these need help with navigating the complicated waters of the world of welfare. We want to pay tribute to the volunteers who work so hard (without reward) to assist and support the most needy and vulnerable members of our society. The role of food banks, credit unions and other third sector groups was shown to be invaluable in enabling people to cope.

This is not intended as a ‘party political’ report. We hope that our findings and recommendations will be of general use to politicians, civil servants, volunteers and benefit claimants alike. We also believe that, if implemented, those recommendations would ultimately help to save money rather than costing the Exchequer more.

It has been a privilege to share in this considerable and considered piece of work. I would like to thank all the other members of the Commission; Stuart Pate who compiled the report itself; and in particular those who generously gave us their time and reflected on their own experience.

James Newcome
(Bishop of Carlisle)

1. WELFARE REFORM

The Welfare Reform Act came into effect in 2012. It's often described as enabling the biggest change in the welfare system for more than 60 years. The main elements will be implemented over a decade and are wide-ranging. They are designed to limit eligibility for a range of benefits, to incentivise employment for those able to work, and to streamline the system to achieve a sustainable long-term reduction in levels of welfare spending.

Welfare reform in Britain did not start with the Welfare Reform Act 2012. However, these more recent measures emphasise a fundamental change in approach, reflecting the Government's intention to simplify the welfare system across the board rather than add to the complexity of decades of piecemeal changes. Also, and perhaps most significantly in terms of impact, some new changes are retrospective in application, affecting existing claimants.

The package of changes to benefits currently being implemented include:

- a Household Benefit Cap of £500 a week for families
- Housing Benefit under-occupation rules
- new commitments for jobseekers searching for work and a=changes to the sanctions regime
- re-assessment of disability benefits and the introduction of new benefits
- reform of the crisis loan system
- and the combination of 6 benefits into one single monthly payment under Universal Credit

Changes of the scale envisaged will inevitably have direct and severe financial impacts on some individuals, their families, and cumulatively on local communities and Cumbria. There could also be associated well-being impacts particularly if changes are not managed effectively.

There are nearly 40,000 people (38,940 DWP, November 2013) claiming benefits in Cumbria, and nearly 30,000 of those (29,990 DWP, November 2013) are out of work. The highest proportion of people claiming benefits in the county are in Barrow-in-Furness (18.7%) Copeland (15.2%), Allerdale (13.6%), and Carlisle (12.8%). The proportions are lower in South Lakeland (7.8%) and Eden (7.7%). All current and future benefit claimants are experiencing or will experience changes to benefits – either in the amount or type of benefit change, or the way it is paid.

The number of people with long-term health problems or disability is higher than the national average in most parts of the county, particularly in Copeland and Carlisle.

There are effective networks of organisations across Cumbria providing support to people to understand and adapt to the changes being introduced. Organisations are reporting anecdotally that they are experiencing increases in demand for help, particularly in respect of re-assessment of disability benefits. There are some activities taking place in parts of Cumbria to support the most vulnerable through these changes, for example, DWP work in Barrow-in-Furness to support Foodbank services

Different issues affect different communities across the county – for example, access to services and support is a challenge to many in the more rural areas of the county, some local economies based on the tourism and leisure industries are low-pay in nature affecting opportunities for local people to increase their income through work, and some areas of the county experience a lack of affordable housing resulting in limited opportunities to find smaller accommodation.

2. RECOMMENDATIONS

In the light of its findings the Commission makes a series of recommendations to Central Government, DWP, the Cumbria Leadership Board (CLB) and Cumbria Third Sector Network Executive.

The Commission asks Central Government to review current policy in four areas:

1. **Universal Credit** - To secure successful implementation of welfare reforms and reduce risks associated with this policy's future implementation the Commission recommends changes to the proposed payment rules including:
 - a. continuing making payments to individuals rather than one payment per family;
 - b. continuing weekly/fortnightly rather than monthly payments; and
 - c. continuing to pay landlords direct.
2. **Sanctions** - The Commission recommends Government instigate a change in rules concerning sanctions to ensure that penalties are never disproportionate and avoid making the vulnerable more vulnerable, and ultimately reliant on foodbanks and other charities to avoid destitution.
3. **Disability benefits** - The Commission asks Government to expedite changes which will reduce delays and complexity in the assessment and interview process for PIP and the Work Capability Assessment (WCA). To increase DWP's capacity the Commission asks Government to consider implementation of PIP over 5 years rather than the shorter period currently proposed.
4. **Housing 'under-occupation'** - To reduce hardships caused by 'under occupation' rules the Commission asks Government to consider the following policy changes:
 - allow flexibility locally in the setting of Local Housing Allowance (LHA) rules;
 - should Government not be willing to consider local flexibility, to mitigate adverse local impacts the Commission asks Government to retain transitional arrangements for a 3 further years, and exempt 2 bed houses from the LHA policy.

The Commission asks the Department of Work and Pensions (DWP) to consider, within a local improvement programme, four recommendations concerning its practices, to:

5. expedite reviews currently underway to reduce delays in processing claims and appeals, and make necessary changes both to procedures and commissioning to allow this;
6. avoid the disproportionate use of sanctions by making changes to training and procedures at adviser level;

7. become more 'user friendly' and as part of this process re-install claimant access to telephones, and publish a manageable local timetable for future benefit changes; and
8. liaise more effectively with the Cumbria Leadership Board (CLB) and the third sector to identify vulnerable clients and ensure assistance, advocacy and support services are provided as outlined below.

To minimise local hardship arising during the implementation of welfare reforms, the Commission asks the CLB and DWP to coordinate and commission assistance, advocacy and support by:

9. identifying and sharing information about vulnerable households;
10. shared commissioning of advocacy, financial, legal and ICT assistance for vulnerable people; and
11. developing and growing the capacity of credit unions.
12. To reduce the future risks to vulnerable people during the implementation of welfare reforms, the Commission asks the CLB and the Third Sector Network Executive to monitor progress using a local action plan.

3. CUMBRIA WELFARE REFORM COMMISSION

The Cumbria Welfare Reform Commission was established at the Cumbria Leadership Board (CLB) in July 2013 to gain a better understanding of how welfare reform is affecting people in Cumbria.

The Third Sector Network led the Commission's work through the vice-chair Andy Beeforth OBE and supported by staff from Cumbria County Council. The Commission is chaired by the Bishop of Carlisle, James Newcome. The members of the Commission are:

- Bishop of Carlisle, James Newcome (Chair),
- Susie Bagot (Chair, Francis C Scott Charitable Trust),
- Tim Cartmell (former Solicitor), Trustee Cumbria Community Foundation,
- Caroline Hoggarth (Head, Greengate Infant School, Barrow),
- Sue Page (former Chief Executive, NHS Cumbria),
- Frank Peck (Professor, University of Cumbria),
- Willie Slavin (Chair, Howgill Family Centre, Trustee Cumbria Community Foundation)

The Commission's objectives were to:

1. Collect evidence to better understand the impact of welfare reform in Cumbria.
2. Collect evidence to understand the responses to minimise the impact of welfare reform.
3. Make and promote recommendations for ways forward.

In January 2014, the Third Sector Network circulated a call for evidence, inviting written submissions and one-to-one or group interviews. The Commission held evidence gathering sessions across the county in Barrow, Kendal and Penrith, Carlisle and Cleator Moor, Whitehaven, and Workington.

Contributors included foodbanks, housing associations, community associations, children's centres, carers groups, mental health support groups, disability associations, organisations supporting young people and older people, church communities, CABx, groups supporting people with drug and alcohol issues, and the Department for Work and Pensions (DWP).

The Third Sector Network commissioned an independent consultant, Stuart Pate, to collate the Commission's evidence and produce a report.

4. KEY FINDINGS

The Commission's findings based on the evidence the Commissioners heard across the county are:

- The scale and pace of change is challenging
 - there are a significant number of major changes to benefits being implemented over a short period of 4 to 5 years
 - there is a lack of detailed information available on many of these changes for claimants and local organisations to prepare properly
 - housing reforms do not make sense in Cumbria where overcrowding is not an issue and the supply of one and two bed properties is limited
 - there are significant backlogs in the processing of some benefit claims, particularly Personal Independence Payment, and for the Work Capability Assessment, which could be addressed by a slower pace of change
 - the move towards single monthly household payments is causing people anxiety and highlighting the need for financial management skills
 - DWP will need to work closely with local agencies if the reforms are to be successfully implemented
 - the Household Benefit Cap is affecting a small number of households in Cumbria
 - the Third Sector is providing the safety net but is facing major funding and capacity challenges

“Reforms needed to happen, but changes are not thought through, even if they do have good intentions. There is too much reliance on computer systems. There is a lot of fear around claiming benefits: it's too complicated; people are proud, and often because of problems at DWP the choices are between heating and eating.” CAB Manager

“[Calling] the DWP Call centre is the most expensive way I know to listen to Vivaldi.” Welfare Benefits Adviser, Whitehaven

“Appeals against ESA ruling currently have an 89 per cent success rate. Which suggests DWP criteria for initial decision may be wrong.” Copeland CAB

- The cumulative financial impacts of the changes on some households is significant with £138m pa lost across the county (Beatty and Fothergill, 2013)
 - the changes are resulting in a significant loss of income for some households
 - the affected households are often concentrated in particular communities. Barrow in Furness will be impacted most and people in rural areas suffer greatest access issues
 - the changes are resulting in making some people who are already vulnerable even more vulnerable
 - loss of household benefits has knock-on effects for local communities, local services, local services, local business and the local economy

‘Even small issues like paying a vet bill when the dog was run over or getting the washing machine fixed sent us over the edge and there was nowhere to go apart from the doorstep lender. There is just no chance of getting any support from the Jobcentre [i.e. crisis loans] now’ woman 40s Barrow

Single parent living in 5 bed property with two children a boy aged 6 and girl of 5. Absent father who was not paying any maintenance. Under occupying by 3 bedrooms. Current income from benefits is £389.35 which includes £154.25 housing benefit and £17.25 Council Tax Benefit. Current expenditure is £381.50 which leaves £7.85 per week to cover all expenses. Is due to lose £38.56 per week in housing benefit due to under occupancy. Case study from Benefits Adviser

- Some changes are having unintended consequences and are being applied without flexibility
 - Housing Benefit under-occupancy rules are being applied without flexibility.
 - People storing medical or disability aids and households with children where parents are separated are not exempt from re-assessment
 - benefit sanctions are being applied disproportionately and in some instances are resulting in claimants entering a crisis situation and requiring other support
 - some of the most vulnerable people are most likely to have difficulty navigating the complex process of benefit changes and experience adverse impacts on their well-being, and are often not receiving the support they need
 - closure of JobCentres and reliance on call centres and internet based claims and communication

In Barrow for example over a two year period there was a significant growth from under 100 [foodbank] clients in 2011 to, by December 2013, over 100 issuers of vouchers & 1400 people fed. Cumbria County Council funded a benefits advisor 3 days a week and amongst the large number of voucher issuers the Jobcentre has been very helpful. Over 100 volunteers are involved but most only able to give limited time; and there is some difficulty recruiting individuals willing to undertake specialist roles.

A lady in severe ill health had to move for bedroom tax reasons. Has to wait 6 months for a discretionary housing payment decision. Communication about entitlements not good from DWP. Support Worker, Carlisle

Regarding DWP – Tried to contact them endlessly,....trying to sort out benefits exacerbates mental health problems. It makes you feel helpless. You are unable to navigate issues; you get more and more anxious. Trying to ring a DWP line is a nightmare. Pushed to do everything on line. As advised, you ring one number and referred to another when contacting DWP and Atos people. Support Worker, Carlisle

I had a gentleman contact me last week regarding benefits, he was made redundant in Dec 2013, he was put on JSA but he has now had his benefits stopped for 4 weeks because the Job Centre said he was not doing enough to look for jobs. He was physically going out and around the businesses in Carlisle looking for work. He does not have a computer and was relying on relatives for use of theirs. A lot of these job applications are online now which hampers people that have no computer or IT skills. The Job Centre sanctioned him.

5. ACKNOWLEDGEMENTS

The work of the Commission and production of this report was coordinated by the Deputy Chair of the Cumbria Third Sector Network.

Cumbria Third Sector Network is the mechanism for involving third sector organisations in communication, lobbying and influencing, planning and representation.

All Network representatives are openly elected into their positions and together they represent in excess of 6,000 organisations in the county.

Cumbria Third Sector Network has membership of the Cumbria Leadership Board and it seeks to bring the knowledge and capacity of Cumbria's Third Sector to address the needs of the county whenever possible.

The production of a report of this scale is a significant undertaking. It would not have been possible without the commitment and involvement of many already hard pressed people and organisations.

It is not possible to thank every person individually, however it is important to thank and recognise the following:

- All of the organisations and people that hosted visits by the Commissioners, presented case studies and reports and supported service users and clients to make testimonies;
- The Commissioners;
- The Support team; Clare Killeen, Rachel McLay, Mark Graham (Cumbria County Council),

Helen Boothroyd (Churches Together in Cumbria), Carolyn Otley (Cumbria CVS/Cumbria Third Sector Network), Dave Roberts (Diocese of Carlisle);

- The report's author Stuart Pate (volunteer);
- Cumbrian Newspapers for provision of images.

It has been a privilege to work with everyone on this project and I fervently hope our recommendations will lead to positive action.

Andy Beeforth OBE, Chief Executive, Cumbria Community Foundation and Deputy Chair, Cumbria Third Sector Network.

This report represents an overview, this document and the full report and findings is available on the Cumbria Third Sector Network website:

<http://cumbriacvs.org.uk/giving-you-a-voice/cumbria-third-sector-network/>