

Local Government North Yorkshire and York**8 March 2013****Impact of Welfare Benefit Reforms on North Yorkshire Residents****1 Purpose**

- 1.1 To estimate the potential impacts of the benefit changes brought about by the Welfare Reform Act 2012 and associated regulations.
- 1.2 To identify work that has been undertaken across the County to date to prepare for the welfare benefit changes.
- 1.3 To consider what additional actions could be introduced to address the implications of the welfare benefit changes.

2 Background

- 2.1 The Welfare Reform Act 2012 introduces a wide range of reforms with the stated aims of making the benefit and tax credits system for people of working age more affordable and simpler by:
 - Creating incentives to get more people into work by ensuring that work always pays.
 - Merging out of work benefits and tax credits to create a single universal credit.
 - Reforms to other benefits aimed at reducing the cost of the benefits system.
- 2.2 The sheer scale of the reforms and the fact that they are happening in a concentrated time period means that their combined impact is far less easy to predict than if they had been implemented on a more incremental basis. Risks arising from the impact of these reforms will be heightened by the fact that they are being introduced at a time of shrinking household incomes for many due to the overall state of the economy, and by the policy of paying people direct into their bank accounts.
- 2.3 The government calculates that 2.8 million households will gain under Universal Credit – of these 1.3 million households will see their benefit increase by more than £25 per week¹. However when combined with other welfare benefit changes detailed below and the localisation of Council Tax benefit there will be clear 'losers', with the impact of the changes felt most by:
 - working-age single unemployed people
 - working-age single people on low wages

¹ Lord Freud, Minister for Welfare Reform, *Centre for Responsible Credit Annual Conference*, 26 September 2012.

- large families
- disabled people
- carers
- care leavers
- 'vulnerable' people (e.g. those with mental health issues, complex needs and chronic ill health)

2.4 There will be increased financial strain on many households which may lead to increase in domestic abuse, child abuse, breakdown of relationships, and youth homelessness. There will also be an impact on the local economy due to loss of income. Additional demand and costs for public sector organisations, housing associations and the voluntary sector - in particular advice providers - are to be expected, especially if there is a lack of a joined up approach in supporting those affected by the benefit changes to become more independent.

2.5 This report outlines the key changes and the likely issues that will be faced by claimants in the county and the initiatives that are being undertaken by the local authorities, housing associations and citizens advice bureaux. A twenty page summary of the information provided by the local authorities, housing associations and citizens advice bureaux is available on request.

3 Welfare Reform Timeline (2013 onwards)

2013

- April – Council Tax Support (CTS) – 10% reduction in Council Tax Benefit subsidy will reduce council tax benefit nationally by about 20% for claimants under pensionable age;
- April – Housing Benefit Size Criteria in the social rented sector introduced (“Bedroom Tax”). Tenants will see a reduction in Housing Benefit where they are considered to have a surplus bedroom (14% for one bedroom and 25% for two bedrooms). Children up to the age of 10 will be expected to share a bedroom and two youngsters of the same sex will be expected to share a bedroom up to the age of 16. Pensioners will be exempted as will those in exempted supported accommodation and temporary accommodation. The size criteria will apply to foster carers but they will be able to claim Discretionary Housing Payments to cover the cost of the additional room(s) they need for foster children.

A related change, which is not part of the Welfare Reform Act, means that since April 2012 the age range to which the ‘Shared Room Rate’ applies has increased from 25 to 35 years. As a result single people in receipt of Housing Benefit up to the age of 35 living in a standalone residence face shortfalls in their rent, unless they move to shared property.

- April – Local Welfare Assistance – termination of statutory Social Fund Community Care Grant and Crisis Loan scheme to be replaced by discretionary local scheme in April 2013. Responsibility for implementing local schemes lies with unitary and upper tier local authorities. North Yorkshire County Council has awarded the contract to administer grants for North Yorkshire’s Local Assistance to Charis Grants. Work is underway with Charis on the detailed design of the service with the aim that this will be approved by the end of February 2013.
- April – Local Housing Allowance (LHA) – LHA, which is paid to people living in the privately rented sector, will be uprated in line with the Consumer Price Index (currently capped to the 30th percentile of rents in the locality).
- June – Personal Independence Payments (PIP) to be rolled out nationally (replacement for Disability Living Allowance (DLA)). (Pathfinder local authority areas will introduce PIP in April). A higher qualifying threshold will be applied for PIP than for the DLA.
- April/October – Benefit cap for working age people set at the average net earned income of working households (currently £500 per week for a couple and single parent households and £350 per week for single adult households). The benefit cap will be piloted in April in four London boroughs and rolled out elsewhere in October. Some households will be exempt e.g. those in receipt of DLA / PIP, Attendance Allowance or the support component of Employment and Support Allowance. There will be a grace period whereby the benefit cap will not be applied for 39 weeks to those who have been in work for the previous 12 months.
- October – Universal Credit (UC) to be introduced nationally (UC will be introduced in Pathfinder local authority areas in April). “Simplification”; payment of benefit monthly in arrears; payment of housing costs direct to claimants (not landlords); claiming process “digital by default” (with a target of at least 80% of transactions on line). Introduction will be phased in and is not due to affect people claiming in work benefits (e.g. certain tax credits) until 2014. UC will not apply to pensioners
- The Welfare Benefits Up-rating Bill 2012-13 proposes to cap the annual increases in most working-age benefits at 1% in cash terms in 2014/15 and 2015/16, in addition to the 1% cap on increases already confirmed for 2013/14. The Bill is currently at the Committee Stage in the House of Lords.

2014

- March – Migration of existing Incapacity Benefit claimants (Incapacity Benefit, Severe Disablement Allowance and Income Support on

disability grounds) onto Employment and Support Allowance should be completed.

- April – all new claims for UC from people in work will begin. Existing claimants may be given a priority move onto UC if it is considered that they will benefit from this.
- October – Changes to Pension Credit to allow for help with rent and increases for children still in full-time education
- Free School Meals / Free Prescriptions – entitlement will depend on the level of household income rather than whether the household is in receipt of benefits

2015

- October – all remaining DLA claimants will start to be invited to claim PIP.

2017

- October – all remaining DLA claimants will have been contacted to claim PIP.
- December – Transfer to Universal Credit of all claimants on all remaining 'legacy' benefits should be completed.

2018

- December – State Pension age for both men and women starts to increase to 66

2020

- October – State Pension age for both men and women will be 66.

4 Key issues and initiatives being undertaken:

4.1 Households/single people liable to be impacted by the benefit cap of £500 per week

District	Numbers impacted (est.)
Craven	18
Hambleton	<20
Harrogate	15
Richmondshire	13
Ryedale	11
Scarborough	44
Selby	10

4.1.1 Broadly, the cap will affect large families with several children who are potentially in receipt of higher than average amounts of child tax credit and are more likely to live in larger homes meaning more housing benefit.

4.1.2 The benefit cap will not apply to carers caring for a disabled child or partner who receives Disability Living Allowance (or Personal Independence Payment, which is replacing DLA). However, carers caring for an adult disabled child or other adult relative could see their benefits capped - losing an average of £87 a week². This is because the people they care will not be considered to be in the same 'household' as the carers' – even if they are living together. However the demand for care and the impact on care-related services in the county is unlikely to diminish.

- Actions being undertaken:

4.1.3 District councils have either written to or telephoned each affected household in their area to explain the changes and potential options open to them. Some have also conducted home visits. The DWP has also sent letters to those affected in order to raise awareness of the benefit cap. District councils are working in close partnership with a range of organisations to raise awareness of welfare benefit changes as a whole.

4.2 Effect of annual increases in most working-age benefits being capped at 1% in cash terms for 2013/14, 2014/15 and 2015/16

4.2.1 The introduction of the 1% annual cap, particularly when combined with wider housing benefit changes and localisation of Council Tax Benefit could lead to the migration of families and individuals to find affordable rents. This could lead to an increase in the use of bed-and-breakfast and temporary accommodation, and overcrowding in lower cost but

² 'Welfare Reform: Your questions answered' – Carers Benefits, Carers UK

smaller properties - with a consequential impact on schools and other council services such as child protection.

4.2.2 Action with Communities in Rural England (ACRE) believes that rural families will be hardest hit in relation to the cap due to the higher cost of living in the countryside³.

4.2.3 Commentators have suggested that if Housing Benefit or more specifically the £500 per week cap does not increase with inflation, in a few years' time housing associations could be in a position where they are not able to raise the rents with inflation. Discussions at events organised by the Homes and Communities Agency suggest that housing associations expect to reduce the number of houses that they build because of falling income.

4.3 Households affected by the social housing size criteria ('bedroom tax')

District	Numbers impacted (est.) (14% and 25% reductions)
Craven	1335
Hambleton	800-1000
Harrogate	586
Richmondshire	210
Ryedale	347
Scarborough	1000
Selby	700

4.3.1 As the table above shows North Yorkshire district councils and housing associations report that significant numbers of tenants in the county will be adversely affected by the 'bedroom tax'. Of concern is that tenants living in some of these properties are already in arrears with Broadacres reporting that of the 506 properties affected by the bedroom tax 250 properties are in rent arrears.

4.3.2 An issue faced in most areas of the country - with North Yorkshire being no exception - is that even if tenants are willing to 'downsize' to avoid the tax they are likely to face difficulty in finding a smaller vacant property. Figures provided by Yorkshire Coast Homes show that there is a low turnover in housing stock in its area. The Consortium of housing associations in the South East (CASE) has calculated that in order to house all under-occupying residents correctly by 1 April 2013 its members would have to rebuild the equivalent of 7.5% of their total rented stock as one-bedroom properties for the next two years in order to make the policy work. When its sample figures are applied across

³ 'Benefits shake-up hits rural families', Rural Services Network Online, 17 January 2013

the rest of England it shows that there would be a shortage of approximately 112,500 one-bedroom properties in April 2013⁴.

- 4.3.3 Nationally the social size criteria will also affect the length of time that people are on housing waiting lists. From April those that have been on the waiting list for some time but who will be classed as under-occupying will find themselves having to wait longer due to a lack of suitable properties, whilst applicants with recent application dates but not classed as under-occupying will be housed ahead of them.
- 4.3.4 The social size criteria when added to the other changes will add to families' existing financial pressures and increase the risk of them becoming homeless. There will also be increased difficulty in returning children from care into family households, in particular where they have been forced to downsize their accommodation. There could also be an increase in the numbers of 16 to 17 year olds coming into care due to family breakdown arising from financial pressures.
- 4.3.5 An increased shortage of foster carers could result as the size eligibility criteria means that foster carers without a foster child may be penalised for under-occupancy. This uncertainty may also provide a further limiting factor to future foster care applicants if they are in receipt of benefits. Foster carers will be able to apply to claim Discretionary Housing Payments (about £5m nationally), but this will be discretionary and a greater understanding of this will be applied across the county by district councils would be useful. The County Council is keen to avoid any disincentive for foster carers as recruitment and retention (particularly in Scarborough) is critical to containing the child placement budget (using an independent fostering provider for a child with mainstream needs typically costs four times as much as using one of our own foster carers). Potential adopters may also be penalised for under-occupancy.
- Actions being undertaken:
- 4.3.6 North Yorkshire district councils and housing associations have written out to all households affected by the size criteria. Craven District Council is encouraging those tenants who will be affected to move to more affordable homes e.g. house swaps and shared tenancies. Richmondshire District Council has undertaken home visits to tenants in arrears who have been identified as likely to be affected.
- 4.3.7 The housing associations have engagement programmes with their tenants, which include providing advice on action they could take with regards to moving home, taking in a lodger etc.
- 4.3.8 A choice based lettings policy is being reviewed by the housing associations and local authorities within the North Yorkshire

⁴ *You can run but you can't hide*, Northern Midlands Southern Housing, Issue 167 December/January 2013

HomeChoice scheme⁵. The new policy will give extra priority for under-occupation to make it easier for under-occupying tenants to downsize where possible.

- 4.3.8 An initiative has been developed in Scarborough district called the 'Rent-a-Room scheme' with Scarborough Private Tenants Group to provide shared accommodation in private sector for under-35 year olds affected by single Room Rate change. Funding has been provided for this in 2012/13 and may be in 2013/14.

Are there sufficient properties of the right size in the county available to enable tenants to move to avoid facing reductions in housing benefit due to under occupancy? If not, what can we do about it?

Can people who are under-occupying be incentivised to move? For example through practical support such as help with removal costs?

Can district councils agree, at least in principle, what support from Discretionary Housing Payments they will be able to offer foster carers on benefit who are temporarily without a foster child and potential adopters on benefit?

4.4 Local Housing Allowance

- 4.4.1 The decrease in LHA from the 30th percentile to the Consumer Price Index (CPI) from April for tenants in privately rented accommodation could place additional demand on social housing as the private sector becomes less affordable for individuals on benefits. This could be particularly so for single people aged under 35 years who are already adversely affected by the introduction of the Shared Room Rate.

4.5 Likely impacts of the introduction of Universal Credit and direct payments

- 4.5.1 Supporting Universal Credit claimants will consume local authority resources, in particular front-line staff working in customer services in both the county and district councils, and in libraries and Children's Centres. At present councils have no formal role on the delivery of UC but the likelihood is that they will be expected to participate in face to face delivery for people who will be unable or unwilling to transact on line. (Pilots are running until June 2014 with a further set in 2015). This role will be greater still if the DWP's ambitious target of 80% of claims being online is missed. There will be a significant impact on many people who are eligible for social care services, with resulting

⁵ The City of York Council, Hambleton District Council, Richmondshire, District Council, Ryedale District Council, Craven District Council, Scarborough Borough Council and Selby District Council and their stock management landlords.

implications for the County Council including the need to revise financial assessments; a reduction in customers' incomes; and increased requests for advice from those who are confused and/or adversely impacted by the change.

- 4.5.2 Under the provisions of UC, people admitted temporarily into hospital or residential care may only get UC for six months instead of the current 12 months. This has implications for housing providers and for tenants with chronic health conditions.
- 4.5.3 The Government has said that no-one will be worse-off as a result of moving onto the UC, because it will provide 'cash protection' when individuals switch over to the UC. However this protection will not be permanent and if a person's circumstances change their income will no longer be guaranteed. This will be problematical for carers or those that they are caring for⁶.
- 4.5.4 The introduction of monthly direct payments at a time of overall reductions in welfare benefit payments will pose budgeting challenges for claimants, increase demand on advice agencies such as the Citizens Advice Bureaux⁷, and increase management costs for housing associations. An increase in evictions is likely in spite of the work that the housing associations in the county have done to prepare their tenants for the benefit changes. Typically housing associations have 50% or more of total rent revenues paid automatically. With the introduction of direct payments, they will be adding a significant element of risk to their rental income. Arrears will mean increased administrative costs for housing associations.
- 4.5.5 18 year olds leaving care will be particularly vulnerable to getting into financial difficulty due to their limited budgeting experience and the fact that under the present economic conditions they are unlikely to easily find employment. They will potentially face a drop in income once they stop being care leavers (e.g. through the Shared Room Rate

⁶ People who are ill and are getting Employment and Support Allowance will be moved onto Universal Credit and guaranteed the same income. However if they are then able to work for six months but fall ill again and go back on Universal Credit, they will not be guaranteed the same income as they were previously. Likewise a person who is claiming Income Support and caring for someone will be moved onto Universal Credit and their income initially guaranteed. However if the condition of the person that they are caring for improves and the carer is able to return to work for a few months but then had to return to caring, they will be worse off than they were on Income Support. *'Welfare Reform: Your questions answered'* – Carers Benefits, Carers UK

⁷ For Q3 2012/13, benefits advice took up over 40% of the advice that Ripon CAB, Ryedale CAB and Craven CAB provided to clients, followed by Hambleton (34%), Harrogate (34%), Scarborough (34%) and Richmondshire (32%). The CAB reports nationally that the welfare reforms already in place – such as the switch from incapacity benefit to ESA – have led to a surge in the numbers of people needing help and advice (with over 100,000 enquiries about ESA between Sept to Nov 2012). This is a clear indication of the increased need for advice and support that the CABx can expect to see when universal credit is introduced. (*'Welfare Reform: the new postcode lottery'*, Solicitors Journal , 30 November 2012)

Restriction) resulting in them trying to find new, shared accommodation which might not be suitable for individuals with complex needs. Finding accommodation in the private sector is already difficult for this client group putting further pressure on oversubscribed social housing.

- Actions being undertaken:
 - 4.5.6 District councils are working in close partnership with a range of organisations to raise awareness of welfare benefit changes as a whole. Craven District Council for example has set up welfare reform clinics/drop-in sessions, though turnout to date has been very low. Craven District Council's Senior Assessment Officer is planning to undertake home visits to clients on DLA to discuss welfare reform based on one-to-one interviews.
 - 4.5.7 The Welfare Benefits Unit for York and North Yorkshire is providing training and advice to second tier advisers in relevant organisations about welfare benefit changes including the introduction of UC. (It is not a service available direct to members of the public.) The Unit reports that is extremely busy with many training requests being received from inside and outside North Yorkshire.
 - 4.5.8 The County Council will be producing an e-learning package on the intranet under the 'Learning Zone' for all staff to be able to use.
 - 4.5.9 Yorkshire Coast Homes is producing a series of leaflets designed to target tenants according to the effect of welfare reform upon them such as UC, the Benefit cap and the replacement of DLA. It is also devising a PowerPoint presentation on the welfare reform changes for tenants to view at Yorkshire Coast Homes offices.
 - 4.5.10 The North Yorkshire Citizens Advice Bureaux are undertaking a joint 'digital by default' survey to find out people's ability and confidence to make benefit claims online and find out what the barriers are and how they can be overcome.
- 4.6 Funding pressures on care services for disabled people where individuals either do not qualify for a Personal Independence Payment or do qualify but see a reduction in income**
 - 4.6.1 Fewer people will qualify for DLA/PIP and/or ESA but the needs arising from their disability or incapacity will remain the same. This is likely to create additional demand for County Council services.
 - 4.6.2 Carer benefits are co-dependent on entitlement to DLA – fewer carers will therefore qualify for carer benefits when PIP replaces DLA. This will result in more carers looking to local authorities for assistance.

- 4.6.3 DLA claimants will be informed that their benefit will be terminated and be invited to apply for PIP. Failure to engage will lead to non-qualification, suspension or termination of benefit awards. This will result in the need for greater support for claimants to either qualify for new benefits or get existing benefits re-instated. This will put pressure on local services and increase the demand for social care and advice services.
- 4.6.4 Legal aid for welfare and benefits is being cut but it is still likely that there will be an increase in appeals and tribunals as people transfer over to UC and challenge assessment decisions regarding their 'fitness for work'⁸. The North Yorkshire Citizens Advice Bureaux and the Carers Resource will be the first port of call for many of those wishing to submit an appeal. The CABx already advise a significant number of clients on appeals, including attending at tribunal where appropriate. This is a complex and time consuming area of work. The number of appeals is increasing because of the migration from Incapacity Benefit to Employment and Support Allowance.
- 4.6.5 Parents of pupils who are currently entitled to DLA will be looking to schools to provide information about the changes and how it will specifically impact upon their child.

4.7 Increasing numbers of people needing advice and help to benefit claimants with managing their household budget and meeting short-term needs

- 4.7.1 The government has provided up to £38m to modernise and expand credit unions so they can offer one million more people an alternative to high cost credit. The County Council, City of York Council and Scarborough Borough Council have provided South Yorkshire Credit Union with funding to expand into North Yorkshire and York following the collapse of the North Yorkshire Credit Union last year.
- 4.7.2 However, according to figures from the DWP, just two per cent of people in the UK are members of a credit union. Nationally payday lenders and illegal money lenders have experienced a boom in recent years as incomes have stagnated and unsecured loans offering cash with few or no questions asked have replaced banks as the default option for sources of credit⁹.
- 4.7.3 The government has invited organisations to apply to a £145 million fund to develop and subsidise financial capability but there is currently

⁸ Nationally between September and November 2012 of the 100,000 enquiries about ESA - a benefit which will be subsumed into Universal Credit - over 21,000 of these related to appeals. (*'Welfare Reform: the new postcode lottery'*, Solicitors Journal, 30 November 2012)

⁹ *'As benefits dry up, Wonga will prosper: 2013 could be the year of the payday lender'*, The Independent, 3 January 2013

no further information on how these schemes will operate or timescales.

4.7.3 The North Yorkshire CABx report that they are facing on-going demand in relation to the numbers of people seeking debt and benefit advice. These two areas comprise over 60% of all enquiries. In the period from 2011/12 Q4 to 2012/13 Q1 there has in fact been a fall in numbers of enquiries for both debt and benefit advice, although benefits advice has increased as a percentage share of all CABx enquiries (32.9% to 35.3%). However the CABx and other advice agencies are highly likely to see increased demand for their services from April onwards as the welfare reforms take effect. This will not only be in terms of clients needing assistance with changes to their benefits in the short term but also in some cases on-going help to budget effectively as they move to a system whereby they receive monthly benefit payments. To date many people may not have grasped the full implications of the benefit changes. The national advice website www.adviceguide.org.uk does not yet contain information and guidance on UC for example, because the regulations are still being finalised.

4.7.4 Once the welfare changes come in pressure on households will be on-going as personal debts and arrears continue to build, assuming that not all claimants will be able to find employment easily or increase their household income. In addition the draft UC regulations devise a new approach to service charges for social housing. As a result of the change some service charges might no longer be covered by benefits. These could include charges for the maintenance of communal gardens, fire safety equipment, communal heating and lighting, lifts, door entry systems, children's play areas, white goods, furniture and rubbish collection. The implications for this will mean either an extra cost to tenants or a reduction in services for tenants. In addition reductions in Housing Benefit for households with Non-Dependants are being phased in over a three year period from 2011/12 to 2013/14. Broadacres has calculated that for those of its tenants affected by this change, from April 2013 the reduction in Housing Benefit will range from £11.45 to £73.85 per week (up from £9.40 to £60.60 per week in 2012). Yorkshire Coast Homes has calculated that its tenants will be paying an additional £98,149 in non-dependent deductions by 2013/14.

- Actions being undertaken:

4.7.6 North Yorkshire district councils are revising their collection and enforcement policy and procedures for Council tax collection to acknowledge 'new financial burdens' for Council Tax. They are also putting in place Council Tax Hardship Schemes and revising their Discretionary Housing Payments policy (covers the shortfalls between rental liability and payment of Housing Benefit and Council Tax liability and payment of Council Tax Benefit), in order to prioritise support to where it is most needed. Craven District Council has created a Housing Association group where all the housing associations are

represented so that a Craven area policy regarding rent arrears can be negotiated.

- 4.7.7 Yorkshire Housing employs a Benefit and Money Advisor to take referrals from neighbourhood and income officers to maximise access to benefits for its tenants and offer advice on affordable fuel, budgeting skills etc. However Yorkshire Housing notes that tenants are sometimes reluctant to seek help from one of its members of staff due to being their landlord. Broadacres currently employs two Benefit and Money Advisers and is in the process of seeing what additional support it can provide for its customers around money advice, tenancy support and arrears management. Broadacres has found that the most effective way of engagement has been face-to-face, and will continue with this approach. Yorkshire Coast Homes will be employing three Money Management Officers, one for each area team.
- 4.7.8 Scarborough district has a well-established Financial Inclusion Forum. The Forum's Financial Inclusion Plan includes a number of objectives aimed at supporting residents who will be affected by welfare reform:
- Objective 1: Supporting the co-ordinated development and delivery of RSL financial inclusion and welfare reform action plans
 - Objective 2: Developing and delivering a branded campaign on the implications of welfare reform
 - Objective 3: Support the continued development and delivery of local financial inclusion groups
 - Objective 4: Ensure residents have access to responsible saving and lending services through supporting the uptake of Credit Union services and products
 - Objective 5: Ensure residents have access to high quality money and benefits advice across the Borough
 - Objective 6: Develop and deliver a partnership programme of Financial Inclusion/Welfare Reform Training
 - Objective 7: Co-ordinate the development of delivery of financial capability programmes.
- 4.7.9 A multi-agency group has been set up to do some focussed work on tackling deprivation in Skipton South, a deprived area in Craven district. The project aims to raise awareness of benefit changes but with a longer term aim to increase household incomes by providing more opportunities for training and learning new skills.
- 4.7.10 Craven CAB has applied to the Big Lottery's Advice Services Transition Fund for funding to extend benefits advice provision in the district. The outcome of the bid will be known in March.
- 4.7.11 From April this year the County Council will be providing new locally-administered welfare assistance to vulnerable groups. This follows on from the abolition of community care grants and crisis loans for living expenses administered by the DWP. The limited pot of funding

provided by central government has meant that the design of the scheme has needed to be restricted to vulnerable people moving into or remaining in the community and for families under exceptional pressure. Rent arrears and loans for instance will not be covered. However it will provide an opportunity for applicants (successful or otherwise) to be signposted to organisations that can provide longer term help for people in need. This was previously a weakness under the DWP scheme, creating a 'revolving door' approach of dependency.

- 4.7.12 A food bank has been set up in Richmondshire and a food collection/food parcel service is provided by churches in Skipton and Harrogate, by the Salvation Army in Ripon and the Rainbow Centre in Scarborough. There are advanced plans for Food Banks to be set up in Hambleton and Harrogate districts. These are being led by church groups and are or will be providing a signposting to organisations that can provide longer term support and advice. Most people accessing food banks will have been referred on from local authorities, housing associations, the citizens advice bureaux and other voluntary sector organisations.

Consideration should be given to the provision of additional support, in partnership with district and county councils and citizens advice bureaux, to help people, including families with children, to deal with the changes and the new budgeting challenges. Could further work also be done locally or on a county-wide basis, similar to that being undertaken by the Financial Inclusion Forum in Scarborough, to promote financial inclusion, including credit union services as an alternative to high interest lenders and the loan shark campaign?

Could more work be done to tackle the underlying problems that people affected by welfare benefit reform face – i.e. low household incomes; by supporting residents on benefits to undertake training to lead into work/education opportunities?

4.8 Other impacts

- 4.8.1 Everyone of working age receiving benefit will be affected by these changes. There will be increased financial strain on many households which may lead to increase in domestic abuse, child abuse, breakdown of relationships, and youth homelessness.
- 4.8.2 There will also be an impact on the local economy due to loss of income.
- 4.8.3 A reduction in pupil attendance/lower levels of pupil attainment in some families affected by the benefit changes is expected, especially as these come on top of the abolition of the Educational Maintenance Allowance for the 14-19 age group.

4.8.4 Local authorities will be affected by changes, for example through:

- Potential reduction in receipts from Council Tax.
- Potential decrease in charging income for adult social care if higher threshold for PIP results in less people receiving it and hence less income to contribute towards charges.
- Take up of DLA (presumably PIP in the future) is currently a measure for determining Formula Grant allocations).
- Increase in demand for Section 17 payments to families with dependent children and facing hardship.
- An increase in families that are classed as 'intentionally homeless' – these families become the responsibility of upper tier councils due to their statutory duties in relation to ensuring children are not homeless.
- An increase in people contacting customer contact centres, libraries, children's centres etc seeking advice and assistance, including information and advice about UC due to the claiming process being "digital by default".

4.8.5 DWP, in conjunction with the LGA, is currently consulting on a local support services framework¹⁰ – as part of the government looking to local authorities to help provide a network of local support services to universal credit claimants. The focus will be on helping claimants to understand the new system and identify the best route for claiming - helping them to get online and helping them with budgeting advice and support. It will also help DWP to identify those people who need extra support in the form of direct payments to a landlord, fortnightly payments or benefits split between members of a household.

The framework envisages local delivery partnerships, led by DWP and local authorities, agreeing who will deliver which specific support services to claimants and include these in a delivery partnership agreement. Some additional funding will be made available by DWP but local; authorities will be expected to continue to provide welfare advice and support, housing advice and solutions to their residents from existing funding arrangements.

5 Other potential areas for consideration for North Yorkshire:

5.1 Having a strategic approach across North Yorkshire within local authorities:

As the report shows there are numerous initiatives being undertaken across the county. There could be a case though for forming a Welfare Reform Strategy Group (North Yorkshire and potentially to include City of York) comprising interested parties both statutory and voluntary

¹⁰ <http://www.dwp.gov.uk/local-authority-staff/universal-credit-information/universal-credit-updates/> - closing date for comments is 15 March 2013

sectors including the DWP and JobCentre Plus. Having such a group in place could ensure that organisations work as one cohesive group to ensure that the benefit changes to be imposed and the resulting financial impact are well understood and support is made available accordingly.

The work of this group could involve:

- ensuring that across the county people are getting advice and information to prepare themselves for any changes, and they are getting everything that they are entitled to: identifying short, medium and longer terms priority areas and agreeing action plans to address those priority areas;
- providing information and advice in relation to UC which is accurate and aligned so that people do not get mixed messages, and doing this as efficiently as possible (e.g. through co-production of materials, ensuring that dissemination is well targeted, etc.);
- assessing the impact on different services and exploring the potential to join up/re-design services based upon claimant journeys;
- ensuring that local authorities are working with all relevant agencies to ensure they are structuring new systems of support in the best way possible, and to work together to produce and disseminate information locally;
- building upon existing outreach work and identify the places where early intervention work, including financial capability, can be achieved e.g. Children's Centres;
- exploring joint funding opportunities by pooling mainstream funding and exploiting any national funding opportunities;
- evaluating and monitoring on an on-going basis the impact of the reforms;
- sharing information, sharing problems and sharing best practice solutions.

The further added value that this group could bring could be in terms of tackling the longer term problems that people affected by welfare benefit reform face.

This group would need to be accountable to the North Yorkshire Chief Executive's Group in order to provide it with sufficient authority and commitment from partners.

5.2 Increasing the level of advice and support available to local people on benefits and the changes which, subject to a more detailed assessment, could include:

- Increasing and enhancing the services of the Welfare Benefits Unit (York and North Yorkshire) to enable wider awareness and expertise for frontline staff across a range of organisations.

- Expanding use of advice agencies for example citizens advice bureau and carers resource further to a more detailed assessment of how additional resources could be used.
- Undertaking a feasibility study for a bespoke Welfare Rights service provided by the local authorities or alternative provider(s) to help meet demand. A number of unitary and two-tier authorities have a Welfare Rights service in place. Typically they provide free, independent and confidential advice and representation on benefits and tax credits including help with appeals; and undertaking financial assessments to ensure that residents receive all the benefits to which they are entitled.

6 Recommendations

- 6.1 Local Government North Yorkshire and York is recommended to:
- Consider the range of initiatives being undertaken by North Yorkshire local authorities, the CABx and housing associations;
 - Consider what, if any, further actions are needed to address the implications of welfare benefits reform on North Yorkshire residents and relevant service providers.

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