

To: Value and Performance Scrutiny Committee

Date: 28th January 2013

Report of: Head of Customer Services

Title of Report: Welfare Reform Update: Department for Work and Pensions Pilot Schemes

Summary and Recommendations

Purpose of report: To provide an update on the Council's implementation of two pilot schemes being run in partnership with the Department for Work and Pensions. Firstly; the direct payment demonstration project and secondly piloting the local authority role in Universal Credit, testing how best to support customers impacted by a reduction in their benefits.

Executive lead member: Councillors Val Smith and Ed Turner

Recommendation(s): The Committee is recommended to:

1. Note the progress with both pilot projects.

Appendices: None

Introduction

1. The government is currently embarking on the most radical reform of Welfare seen in more than a generation. All recipients of welfare and other benefits will be affected to a greater or lesser extent. The over riding purpose of the reform agenda is to engender a sense of personal responsibility, and to encourage people to embrace a range of alternatives to improve the sustainability of their financial circumstances rather than rely solely on the receipt of benefits.
2. Universal Credit is a new unified benefit administered by the Department for Work and Pensions (DWP) for people who are looking for work or who are on a low income and of working age. The benefit will be paid directly from the DWP to the claimant, and will replace a range of benefits including income-based Jobseeker's Allowance; income-related Employment and Support Allowance; Income Support; Child Tax Credits; Working Tax Credits and Housing Benefit.

3. Universal Credit will begin to be rolled out in selected areas from October 2013 and to all areas by April 2014. Migration will initially be based on changes in the circumstances of claimants. From October 2013 only applications for Job seekers Allowance from childless adults will trigger migration to Universal Credit. Additional triggers for the full range of benefits to be included in Universal Credit will be introduced gradually over the following year. At a future date all remaining claims within an authority will be migrated en masse to Universal Credit and this process will continue until 2017. These dates will be announced in January 2013.
4. The City Council is taking part in two separate projects one testing the impact of paying benefit directly to social tenants, and the other testing a support package to help customers into work, whose benefits will reduce under the new arrangements. Participating in these projects enables us to: a) ensure early support and guidance is available to customers and vulnerable members of the community; b) inform the DWP's implementation and roll out of both Direct Payments and Universal Credit; and c) better understand the implications for future service and workforce planning.

Direct Payments Project

5. The impact of the direct payment of benefit to social sector tenants is being tested in six local authority areas across Great Britain. The other sites are Edinburgh, Shropshire, Southwark, Torfaen and Wakefield. The testing is taking place using the current benefits system and not within the single benefits system of Universal Credit that is proposed. The projects are investigating a range of issues to provide protection for landlords and tenants including:
 - different levels of support social sector tenants may need to move to direct payment of housing benefit, such as advice on managing personal finances and budgeting
 - the exemptions that need to be in place for direct payments
 - payment switch-back to the landlord if a tenant falls into arrears
 - the support to help tenants in arrears to return to direct payments
 - early intervention switch-back of benefit before arrears reach trigger points
6. Each site has been asked to include 2000 tenants in their project. In Oxford we are in partnership with GreenSquare Housing Association. Oxford City has allocated 1600 tenants to the project, and GreenSquare 400 tenants. The current analysis of the City Council's 1600 tenants is as follows:

Description	No. of Tenants
Total number of Oxford City Council tenants assessed for Direct Payments to date	1581
Total number of non responders to date, despite telephone calls and visits	19
Tenants on the Direct Payments Scheme	1370

Tenants who have moved out of the area or moved off Housing Benefit	119
Tenants who are very high risk, and will be excluded completely from the project and possibly from Universal Credits	20
Tenants with support and/or financial issues	72

7. Further funding has been secured from the DWP to employ a Temporary Tenancy Sustainment Officer as part of the pilot to work with the tenants identified as requiring support. This post has been funded for three months and has just started. The situation will then be reviewed and if appropriate we will apply for further funding.
8. Across the 6 direct payment project sites 6,220 tenants were being paid their housing benefit directly by the end of the first four payment periods. Against a total level of rent charged of £7,692,844 for the period, payment collection rates stood at 92%. Across the different areas payment levels varied from 88% to 97%, demonstrating the range of support being tested. The comparable payment collection rate for Oxford City Council is 95.18%. The Oxford project also has the largest number of tenants being paid directly out of all of the sites. A total of 369 tenants have had their benefit payments switched back to their landlords. In Oxford City 127 cases have been switched back to payment directly to the Council as landlord, of these 25 cases are ready to revert to direct payment again after Christmas.

Universal Credit: Piloting the Local Authority Role

9. Oxford City Council has been selected as one of 12 pilots set up to inform the roll out and delivery of Universal Credit. Councils were asked to submit bids across a number of different areas; including helping people into work, digital inclusion and reducing fraud. Oxford's proposal focussed on how we can support people into work, and remove barriers to work by making the best use of available resources both inside the Council and from external partners.

Other pilots are being run by:

- Bath and North East Somerset Council
- Birmingham City Council
- Caerphilly County Borough Council
- Dumfries and Galloway Council
- London Borough of Lewisham
- Melton and Rushcliffe Borough Councils (as a partnership)
- Newport City Council
- North Dorset District Council
- North Lanarkshire Council
- West Dunbartonshire Council
- West Lindsey District Council

Two further pilots by Oldham Council and Wigan Council will be run as part of the Pathfinder preparations.

10. Oxford City's project focuses on supporting people who stand to lose most both from the changes to Housing Benefit as well as the introduction of the benefit cap. A dedicated manager and key worker have been appointed to, a) proactively engage with identified clients and assist them in sourcing and take advantage of appropriate support to enable them to move into work or increase their hours of work, and b) to review the type of support available from the third sector to inform the Council's future commissioning strategy.
11. These pilots will not just help the DWP design how Universal Credit is implemented, but it will help the Council understand how it should incorporate this activity into the business, and what it will mean in terms of workforce planning for our 45 benefits staff.
12. In addition, the learning from this project will help shape the scope and scale of the advice commissioned by the Council from the third sector, as well as the development and delivery of the Council's financial inclusion strategy. This will ensure a co-ordinated approach that underpins and is complementary to the organisation's front line service design once Universal Credit is implemented.
13. Initially the project will seek to work with:
 - Claimants affected by the benefit cap (in Oxford this affects circa 210 families with a potential loss of £1.0m); and
 - Claimants who stand to lose 25% of their benefit as a result of the new under occupancy regulations (bedroom tax). This is circa 130 council tenants. The number of private tenants is not yet known as not all information has been made available from the housing associations, expectations are that the number would mirror that for council tenants.

There will be a variety of interventions including group workshops, one-to-one training and advice. The key worker will recommend and arrange support from a range of partner organisations. Once the person moves into work we will continue to provide support to ensure their position is sustainable.

14. A brief summary of the nature of support expected to be provided is outlined below:
 - **Job Centre Plus**
 - Assisting job searches
 - Finding appropriate work related activity
 - Employment advice

 - **CAB and other advice agencies**
 - Money advice
 - Financial training - Not just coping with debt but being able to manage larger sums of money monthly rather than weekly

- **Work Clubs**
 - Preparing people for work, e.g. CV writing, interview techniques
 - Finding employment opportunities
 - ICT training for using internet for on-line banking, making self service applications, etc

 - **Housing advice**
 - Negotiating rent
 - Finding alternative accommodation, helping customers to downsize
 - Helping customers move and assistance with costs

 - **County Council**
 - Liaison with the Thriving Families team

 - **Business Sector**
 - Coaching and mentoring
 - Identification of new employment opportunities
15. The Manager started work with the City Council on 2nd January 2013 and the Key Worker began work on 10th December. Both of these posts will be for one year. The Key Worker has already started making contact with the customers highlighted for inclusion in this project, and has a script in place to ensure a standardised approach to getting claimants engaged highlighting the support that could potentially be made available.
16. Governance for the project includes:
- A member reference group, including members of the most affected wards in the district has been set up to oversee the direction of the project and to assist in shaping the Council's thinking about how it should respond to the welfare reform changes after the pilot has finished.
 - An operational project board which includes a representative from the Department for Work and Pensions, Management representative from Oxford Job Centre Plus, Oxfordshire County Council, and Oxford City Council Housing Service. This meeting is managed and chaired by Helen Bishop.
 - The project budget, objectives and evaluation criteria have been agreed and the financing arrangements are in place with the DWP.
17. Initial meetings with third sector organisations have been very positive in that they are pleased that the City Council is being proactive in understanding what the issues are likely to be for all stakeholders at an early stage and involving all parties. We have started to glean from these organisations the type of advice and support available, and how best to access it. The organisations are keen to assist with the project but have cautioned that they can not automatically put people from the pilot to the top of their waiting lists.

The Benefits Service operates quarterly advice session for both the advice sector and Housing Associations that operate with the City Council's area. These sessions have been utilised to ensure all parties are kept up to date with:

- benefit changes, and in particular the effect of the benefit cap and under occupancy regulations
- the City Council's plans to address the above
- the progress and issues arising out of both the Direct Payment and Universal Credit Pilots we are participating in.

18. The Oxford Welfare Advice Group is preparing to bid for Big Lottery Fund Advice Services Transition Funding, which will provide funding over a 2 year period. Funding will be awarded where the advice sector demonstrates a collaborative approach across the sector and early intervention for the community in a sustainable way. The City Council will be involved in the development of this bid.

Name and contact details of author:-

Name Helen Bishop
Job title Head of Customer Services
Service Area Customer Services
Tel: 01865 252233 e-mail: hbishop@oxford.gov.uk

List of background papers: None

Version number: 1.1