



Date: Wednesday, 14 November 2018

Time: 2.00 pm

Venue: Shrewsbury/Oswestry Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire, SY2 6ND

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## PERFORMANCE MANAGEMENT SCRUTINY COMMITTEE

### TO FOLLOW REPORT (S)

#### 8 Welfare Reform Task and Finish Group Report (Pages 1 - 22)

To receive the report and recommendation of the Welfare Reform Task and Finish Group.

Contact: Danial Webb, Scrutiny Officer, tel. 01743 258509

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Performance Management  
Scrutiny Committee

14<sup>th</sup> November 2018

Item

8

Public

## Report from the task and finish group on welfare reform

### Responsible officer

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### 1.0 Summary

1.1 This paper presents the report of the task and finish group on welfare reform to the Performance Management Scrutiny Committee. Its work has focussed on measuring the impact of welfare reform on people in Shropshire, and how the council can best support people who receive benefits.

### 2.0 Recommendations

2.1 The group's recommendations are contained in the report, which is attached as **appendix 1**.

### 3.0 Opportunities and risks

3.1 The increasing fragmentation of support services for Shropshire people, particularly with regard to housing, may result in piecemeal support. This may be exacerbated by relative lack of support for people in private-sector housing, in which the majority of people renting in Shropshire live. Closer working between agencies could result in better-coordinated support.

3.2 Shropshire Council currently commissions a number of preventative services, the purpose of which is to provide early support to Shropshire people. Any reduction in these services may result in those people needing more intensive support later on.

3.3 The introduction of Universal Credit in Shropshire may cause some recipients to experience temporary financial hardship, and lower rates of benefit may cause subsequent longer-term hardship. This may result in increased demands on the support services of both the council and its partners.

### 4.0 Financial assessment

4.1 Shropshire Council invests £4.5 million annually in supporting vulnerable adults through its programme of preventative services. These services provide universal

support on matters such as benefits and housing, as well as targeted housing support for vulnerable adults. Cuts to these programmes could result in higher costs for the council and its partners, as a result of people losing their tenancies or requiring more intensive support to manage chronic health conditions.

## 5.0 Report

5.1 The group's report is attached as **appendix 1**.

### List of Background Papers

- Performance Management Scrutiny Committee Welfare Reform Task and Finish Group Terms of Reference
- Task and Finish Group briefing notes
- Centre for Regional Economic and Social Research, Sheffield Hallam University, *The Uneven Impact of Welfare Reform*, March 2016
- Shropshire Council, Adult Service Preventative Contract details
- Leeds City Council, Scrutiny Inquiry report, *Universal Credit*, February 2016
- Manchester City Council, The Roll Out of Universal Credit Full Service in Manchester, November 2017
- New Policy Institute, *The minimum wage, taxes and benefits*, February 2015

### Cabinet Member

Cllr Lee Chapman– Portfolio Holder for Health and Adult Social Care

### Local Members

All Members

### Appendices

- Report of the Welfare Reform Task and Finish Group
- The financial loss to Shropshire from welfare reforms since 2010



## **Performance Management Scrutiny Committee**

### **Report of the welfare reform task and finish group**

November 2018

DRAFT

## **Acknowledgments**

The group would like to thank the council officers and representatives of other organisations that they spoke to during the course of this review.

## **Members of the Task and Finish Group**

- Cllr Claire Wild (chair)
- Cllr Ted Clarke
- Cllr Heather Kidd
- Cllr Elliot Lynch
- Cllr Pam Moseley
- Cllr Alexander Philips
- Cllr David Turner
- Cllr Dave Tremellen

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## Introduction

Since 2010 the UK government has undertaken comprehensive reform of state welfare. This reform serves two main purposes; deficit reduction and supporting people into work. Following the economic crash of 2008, the 2010-2015 coalition government sought to reduce the cost of welfare by £18 billion, achieving savings of £14 billion by 2015. Post-2015 reforms have reduced the welfare bill by a further £13 billion. As well as deficit reduction, the government has sought to package a number of existing benefits into a single package, Universal Credit, which aims in part to smooth the transition into work or to avoid sudden drops in benefit payments when a claimant increases the hours that they work.

### Scope and focus of the work

To look at the impact of this reform on people in Shropshire, the council's Performance Management Scrutiny Committee set up a task and finish group. This group's initial aims were to:

- understand the nature of Universal Credit, and the impact it will have on Shropshire residents;
- understand the impact of other benefit reforms on Shropshire residents;
- understand the different ways the Council supports people who receive benefits, and how this will and should change with the introduction of Universal Credit; and
- ensure that Shropshire Council has in the place the necessary functionality to deliver required services related to Universal Credit;

As the group progressed with its work, it decided to look more broadly at the nature of welfare reform, in particular how Shropshire Council:

- ensures that the council's own systems and processes are optimised so it provides the best advice and temporary support to people who need it;
- leads on working with its partners to create a strategy to support people in greatest need; and
- ensures that council resources are deployed wherever possible to support people into education, employment and training.

### What has the task and finish group done?

The task and finish group met six times between February and May 2017. It was chaired by the chair of the Performance Management Scrutiny Committee and consisted of a number of members of Shropshire Council's overview and scrutiny committees.

To assist the group in their work, the following people and organisations took part in discussions with the group:

- Head of Finance, Shropshire Council

- Service Delivery and Improvement Manager, Customer Services, Shropshire Council
- Revenues and Benefits Service Manager, Shropshire Council
- Citizen's Advice Shropshire
- Landau
- Barnabas Community Projects
- Bromford Housing
- Shropshire Housing
- Connexus
- Severnside Housing

## Findings

### *Quantifying the impact of welfare reform on Shropshire*

Since 2010 the UK government has undertaken comprehensive reform of state welfare. This reform serves two main purposes, to increase incentives to enter work, and to reduce the government's deficit. Following the economic crash of 2008, the 2010-2015 coalition government sought to reduce the cost of welfare by £18 billion, achieving savings of £14 billion by 2015. Post-2015 reforms have reduced the welfare bill by a further £13 billion. As well as deficit reduction, welfare reforms have also sought to increase the incentive to enter the workplace. To do this, the government has sought to package a number of existing benefits into a single package, Universal Credit. This benefit tapers down rather than stops if the claimant begins or takes on more or better-paid work, meaning that claimants will always be better off if they enter employment.

Although the reforms are well known, what is less clear is the cumulative impact of these reforms on Shropshire residents. We do not know the financial loss to the Shropshire economy, nor do we know the impact of this financial loss.

The group considered a recent research paper by the Centre for Regional Economic and Social Research at Sheffield Hallam University, which has attempted to quantify the loss of income to Shropshire residents caused by changes to welfare rules since 2010.

Appendix 2 lists:

- individual benefit rule changes;
- the groups of people most affected by the change;
- the number of individuals or households affected by each change;
- the total loss of income to Shropshire residents each year; and
- the loss per working age adult each year.

The research estimates that the loss of income to Shropshire resulting from these benefit rule changes to be **£102 million each year**, amounting to £550 for each working age adult, or £1,290 for each of the 17,500 working age households in social rented housing.

The loss does not fall equally on every working adult of course, although most working age adults with children will have lost out due to the changes to universal benefits such as Child Benefit. Individual circumstances will have a considerable impact on the amount of income lost, and some individuals and households will have lost a considerable percentage of their income as a result of these reforms. However the group made some very broad conclusions from this research

- Households in social rented accommodation have been particularly hard-hit. This might be a result of working-age adults in these households being more likely to be out of work, on low incomes, incapacitated or disabled.
- At least half of the loss will fall on in-work households. Although it is arguable that these households may be more amenable to taking on more paid work, they may already be working at the limit of their capacity. There may also be a lack of extra work available.
- In-work households receiving low incomes and living in private rented accommodation may however be more vulnerable, due to a relative lack of support compared to social housing tenants.
- Households with residents who are disabled or incapacitated make up 3% of all households in the borough. However this group has absorbed 14% of the loss from these reforms

### **Working together to support people in Shropshire**

The group wanted to look at how Shropshire Council and other organisations support people in Shropshire who receive benefits. Welfare advice and benefits support in Shropshire is dispersed among numerous organisations, partly as a result of changes to social housing provision since 2000. It is also in some part the result of Shropshire's Council's approach to providing benefits advice, which focusses on investment in the voluntary sector and housing support services.

The creation of housing arm's length management organisations (ALMO) nationwide resulted in housing associations such as Shropshire Towns and Rural Housing (STAR Housing) becoming responsible for managing both housing stock and tenancies. This means that housing associations have a direct incentive to ensure the welfare of their tenants, many of whom are reliant to some extent (or entirely) on benefits. Housing associations are also uniquely placed to support their tenants as a result of the existing relationship through tenancies. This is partly funded by enhanced Housing Benefit, which funds the additional housing needs of some elderly and vulnerable adults, as well as by Shropshire Council through its preventative services contracting, which this report looks at later.

The relatively recent creation of Shropshire Council as a unitary authority meant that it has a particularly high number of housing associations in its area, an artefact of district councils each setting up their own ALMO. In addition, other housing associations

originating from outside Shropshire now have some sort of presence in the county, for example Bromford Housing.

In addition, Shropshire has a large and active voluntary and community sector providing benefits advice and welfare support. As well as charities affiliated to national organisations such as Citizens Advice and Age Concern, who carry out considerable work in Shropshire, there exist hundreds of local and regional organisations and groups. Like the housing associations, their work is funded through a combination of their own fundraising and from carrying out time-limited work contracted by Shropshire Council, the UK government, and other charities and third sector organisations such as Big Lottery Fund. Since 2008 the voluntary and community sector in Shropshire has been augmented by the arrival of food banks. More recently these have recently expanded to offer a wider range of support to people, including practical help to find work such as CV writing support and interview clothing loans.

Although many of these organisations were heavily reliant on grant or contract funding, either from Shropshire Council or central government, others receive little or choose not to take up any such funding. The group heard, for example, from Barnabas Community Projects, who deliberately chose to remain reliant entirely on direct charitable donations, in order to remain in full control of its chosen projects.

Aside from its social care duties, the council itself provides limited direct support for people receiving benefits. This direct support sits primarily within the Revenues and Benefits and Welfare Reform Support teams. The Revenues and Benefits team is responsible for the administration of locally administered benefits such as Housing Benefit and Council Tax Support and some Discretionary Housing Payments. The Welfare Reform Support team, a part of the larger Customer Services team, administers some local crisis funding and Discretionary Housing Payments. This team has also handled the requests for personal budgeting and assisted digital support for Universal Credit and has been the focal point for public communications on Universal Credit. However due to the low take-up for personal budgeting and assisted digital support, the Department for Work and Pension is removing funding to councils for this support from April 2019, and will engage directly Citizens Advice organisations to deliver this support.

The group heard that Shropshire Council's policy when supporting people with these funds is to get people the help they need to make the required changes in their situation (for example, financial adjustments, finding more affordable property) and to support with crisis funding whilst this is done. However the group also heard from both the revenues and benefits and customers services managers that there were also situations when it would be appropriate to award a longer-term or ongoing award. Notwithstanding this, the group agreed that this time-limited approach struck a good balance between supporting people in need without creating long-term dependency on benefits.

Although Shropshire Council itself provides limited direct support for people who receive benefits, it also supports the work of housing associations and the voluntary and community sector to support benefit recipients through its procurement of 'preventative' support services. This package of services includes:

- Universal support services, principally the general welfare and benefits advice services offered by Citizens Advice Shropshire and other members of the CAAN consortium of organisations.
- Targeted early interventions support services for those at risk of requiring more costly support later, such as tenant support services, help at home for older vulnerable adults, and community-based social support. These services are offered by a large number of partner organisations, such as charities, community groups and housing associations.
- Targeted support to minimise the impact of existing health conditions. This included services such as a stroke recovery support service and emergency respite care.

The group felt that having a large number of organisations supporting people had both its strengths and its risks. A contracted approach to support allowed the council considerable flexibility with its support, as well as helping to ensure that such support remained affordable to the local authority. Furthermore providing welfare support among numerous organisations provided considerable overall resilience, with expertise, capacity and access to different means of funding spread among different organisations. However the group also expressed concern that people might receive piecemeal or disjointed support as a result of engaging with several organisations.

To understand these opportunities and risks in greater detail, the group invited representatives from some of the housing associations, charities and community organisations that Shropshire Council had contracted to carry out preventative services.

The following organisations met with the group:

- Bromford Housing
- Connexus
- Severnside Housing
- Shropshire Housing
- Age Concern
- Citizens Advice Shropshire

All of the housing associations who attended were contracted by the local authority to provide tenancy support to vulnerable adults who were at risk of losing their tenancy. Age Concern and Citizens Advice Shropshire were contracted to provide general welfare and benefits advice, available to anyone, as part of a consortium of advice providers.

The group wanted to know more about how the housing associations supported people in their tenancies. The group heard those organisations who provided tenancy support provided a mixed model of support, including:

- Crisis and time-limited support for a specific purpose, such as imminent risk of homelessness or discharge from hospital or temporary care settings, including access to supported accommodation where available.
- Higher-level support, often time-limited, for people whose housing support needs cannot be met by Low-Intensity support described below. This support is typically underpinned by an agreed support plan and will consist of regular, planned support sessions.
- Low-intensity, occasional support available on an ad-hoc basis designed to maintain people's independence through the knowledge that help and advice is available when needed. This includes maintenance of support hubs which are accessible to the wider community, partner organisations, and community and voluntary groups.

Shropshire Council continued to fund these services in order to prevent people developing more complex and costly problems, the greater costs of which would fall to the council and its partners. These services also deliver the council's statutory duties under the Care Act 2014 to:

- promote wellbeing;
- prevent needs for care and support;
- provide information and advice on care and support; and
- provide advocacy support for people to make decisions about their care.

The group was keen to understand how the council quantified the cost-effectiveness of these services. Officers told members that it had recently carried out such an exercise, asking current providers of housing support to profile their existing clients in order to understand the potential impact of the withdrawal of housing support funding. Providers were asked to assess for each client which negative outcomes their client was 'likely' to experience as a result of the withdrawal of housing support. A cost of each negative outcome was then applied using data from Shropshire Council Housing Services and Adult Services as well as the New Economy Manchester Unit Cost Database, an industry standard method of assessing the financial cost of adverse outcomes, for example a person becoming homeless. The exercise also identified where the cost of each negative outcome would be most likely to fall, for example, the NHS or local authority. This then enabled officers to calculate a total aggregate cost to the public sector. The group heard that this exercise calculated that approximately 1800 people in Shropshire received some form of housing support. Stopping housing support would result in a cost reduction of £1.9 million to the council. However the loss of housing support was forecast to result in consequent costs the public purse of £12.5 million, including £8.6 million of costs to Shropshire Council.

The group agree that funding preventative services is a cost-effective way to support people at an early stage, preventing problems from escalating and resulting in more costly interventions.

The group was also keen to understand the challenges the associations faced working with vulnerable tenants. The associations told the group that the tenants they worked most closely with often had numerous barriers to either entering work or taking on more work. Advisors often worked with tenants with poor mental health or significant caring responsibilities, and many tenants lacked the skills required to manage a tenancy successfully. As many tenants were already in employment, an important component of advisors' work was to support people to either be able to work longer hours, or to develop their skills in order to move into higher-paid employment.

The group heard from Bromford Housing, a large housing association that works across the Midlands and South West of England, including Shropshire. It is one of the largest social landlords in England, managing 44,000 properties. It also plans to build 14,000 new properties over the next ten years. Bromford's development of new estates, containing a mixture of owner-occupied and social housing properties. Bromford has used the surplus generated from these developments to develop a comprehensive package of support for its tenants, known as the Bromford Deal. The group heard how Bromford proactively engages with all its tenants, with neighbourhood coaches offering all their tenants bespoke package of support, including:

- tenancy management, including financial management;
- work readiness and skills training; and
- connecting tenants with other support, such as community groups.

The group was very supportive of this approach. It agreed that working proactively with tenants allowed Bromford to not only identify early where people might be struggling with their tenancy, but also to support people who were not necessarily struggling to develop their work skills and to participate more in the life of their communities. Other housing associations in Shropshire, such as Severnside Housing, told the group that they carry out similar support work, but lack the considerable resources and scale of Bromford to offer such comprehensive support. Nonetheless the group believe that other housing associations could do more. The group heard for example that Bromford employ one support manager for every 200 tenants, compared with other housing associations which have as many as 2,000 tenants for each support manager. A greater focus on working with people who have the potential to enter work, or to take up more or more highly-skilled (and better paid) work, could yield benefits to both tenants in terms of greater financial security and to housing associations in terms of reducing rent arrears.

While smaller housing associations were currently not able to provide the same level of comprehensive support as Bromford, the group also wanted to explore other ways that Shropshire Council could replicate Bromford's holistic approach. Group members asked about the extent to which the different organisations worked with the same people, and how they co-ordinated their work. Several of the organisations told the group they were confident there was some overlap, but no organisation had the capacity to quantify the size of the group or identify those people. All of the organisations at the meeting told the group they would refer their clients and tenants to other support organisations. Although

they might follow up that advice with the client or tenant, they lacked the funding to systematically co-ordinate their support with any other organisation.

The group understands the limitations that organisations face in working together more closely. Nonetheless the group notes how client-focused joint working with vulnerable children, young people and adults elsewhere delivers better outcome and makes best use of resources by removing duplication. The group therefore recommends that the Performance Management Scrutiny Committee creates a task and finish group to explore the opportunities for partner organisations to carry out collaborative, client-focused joint working.

Throughout the course of its meetings, the groups discussed the lack of a common strategy from Shropshire Council to co-ordinate welfare support. Although the organisations that the group spoke share broadly similar aims, members felt that a single strategy would help facilitate closer working. More than one person that the group spoke with told them that there had been previous efforts to agree a joint strategy, but this had failed to come to fruition.

The group believes that although the different organisations had different purpose, they ought to be able to agree a common strategy for supporting vulnerable tenants. Shropshire Council, as a significant funder of tenancy support, was in a suitably central position to be able to co-ordinate this work. Indeed Shropshire Council had already created de-facto common objectives through its contract specification for preventative services. For example, the specification for the Information, Advocacy & Advice for Adults service requires targeted support for key groups, with the explicit aims of increasing independence, maximising income and reducing benefits dependency.

The group therefore recommends that the task and finish group also explore how Shropshire can develop a common strategy for welfare support, and implement any supporting actions from that strategy.

### **Supporting people into work**

Throughout the course of this review, the group heard from other organisations, as well as Shropshire's Council's own officers, about how they supported people into work, into training in order to secure better-paid work, or to work longer hours if they only worked part-time. As discussed earlier in this report, the group heard that people who were out of work, but who could work, often faced significant barriers to entering paid work, such as poor mental health, significant caring responsibilities or a lack of work readiness or experience. The group therefore wanted to know more about what was being done to support these people.

Shropshire Council does not directly support people into entering the workplace. Nor does it directly fund other organisations to carry out such work. However through its preventative support contracting it requires partner organisations to address

worklessness. For example its floating support contracting requires housing associations to work with people to “minimise dependence on welfare benefits and funded support and to support access to education training and employment.” The group heard how Connexus, a major recipient of preventative support funding, signposts the people that it supports into work and training opportunities. It also provided some funding for local groups and agencies to provide its tenants with education, training and employment.

The group also heard from local organisations who carried out work skills and employability training. The group was particularly interested to hear from Landau, a supported employment and training charity originally setup by Shropshire Council. Landau works with over 800 people a year across the West Midlands by providing routes to employment, access to learning, social enterprise help and support for personal development. Landau carries out this work through the delivery of supported employment and training contracts, including those from the Department for Work and Pensions.

Since January 2018 Landau has been the central partner of the Building Better Opportunities programme, funded by the Big Lottery Fund and the European Union European Social Fund. This programme aims to work with those furthest away from employment to engage them in volunteering, training and work placements. The group heard that in the first 15 months, Building Better Opportunities Shropshire had worked with 420 people in Shropshire, 40% of whom were aged over 50 and 53% of whom had some sort of disability. The group heard that Building Better Opportunities had been relatively successful in Shropshire compared to similar schemes elsewhere in the country, with around 40% of people taking part entering the workplace. Landau told the group that their success was due to several factors. It chose to develop the Building Better Opportunities project with 20 local organisations in Shropshire, who carry out most of the work. Although Landau supervises and measures outcomes from this outsourced work, it does not prescribe how these organisations work with their client groups, believing them to be best placed to understand the strengths and weaknesses of their clients. Landau also focusses on soft skills and work readiness, believing these skills to be far more marketable to employers than specific training.

The group noted Landau’s success and concluded that Shropshire Council should do what it could to support schemes such as this. It agreed that supporting people to support themselves through work was the most effective way that the council could work to counter the impact of lost income through welfare reform.

Any welfare reform strategy that the council produces should therefore look to how it can focus its resources and its partnerships into schemes that support people into entering the workplace.

## **Making the change to Universal Credit**

Universal Credit represents a major overhaul of the current welfare system. It is intended to be simpler than the current system of work-related benefits and tax credits, replacing six existing means-tested benefits:

- Income Support
- Income-based Jobseeker's Allowance
- Income-related Employment and Support Allowance
- Housing Benefit
- Child Tax Credit
- Working Tax Credit

The Government's aim with Universal Credit is to make working easier, encouraging people to either begin work or to increase their hours up to 35 a week. It does this partly by incrementally reducing benefits by 63p for each £1 earned, avoiding 'cliff-edge' points at which benefits are withdrawn completely. This means that people who receive Universal Credit that begin work receive a top-up of 37p for each £1 earned.

Universal Credit also has a number of other salient features. Unlike Housing Benefit, the housing component of Universal Credit is paid to the recipient rather than their landlord. This makes recipients responsible for paying their rent. Applicants also require a bank account, photo identification, a CV, and an email account.

Universal Credit is paid monthly in arrears, with the amount paid dependent on the recipient's earned income during the previous month. Because Universal Credit requires a month of income data from Her Majesty's Revenue and Customs in order to calculate a payment, there is a delay of at least five weeks between making an application for Universal Credit and receiving a payment.

The Department for Work and Pensions (DWP) has been gradually rolling out Universal credit across the country, launching in Shropshire in May 2018.

The group wanted to scrutinise two aspects of Universal Credit. It wanted to assure itself that the council was adequately prepared for the rollout of Universal Credit. It also wanted to assure itself that it was supporting housing associations and other voluntary and community groups to manage any impact on their services. It therefore met with Shropshire Council's Head of Finance and its Revenues and Benefits Service Manager to understand the direct impact on Shropshire Council services.

Of the six benefits that Universal Credit will replace, Shropshire Council administered only Housing benefit. Although this meant that Universal Credit recipients would now receive their Housing Benefit allocation within their Universal Credit benefit, the council would continue to administer Housing Benefit for other groups of people, such as pensioners, people in supported or temporary accommodation, or families with more than two children. As a result, Universal Credit had had little overall impact on the workload of

the revenue and benefits service. Although the service no longer administered housing benefit for people receiving Universal Credit, Universal Credit placed some burden in terms of assessing eligibility and verifying applications for council tax support. Other welfare reforms which focussed on housing payments, such as removal of the spare room subsidy and local social housing allowance caps had also created more work for the housing benefit team, but overall the service had been able to absorb the changes in their workload.

To support the change to Universal Credit, councils received Assisted Digital Support and Personal Budgeting Support grants from government. These grants were to support people to make the applications online and to learn how to budget with a monthly income. Shropshire Council had contracted Citizens Advice Shropshire to provide budgeting support, using council libraries to provide digital support to get people online. However the group heard that take up of these support services had been low.

### **Localising Council Tax Support**

The group heard that localising Council Tax support had had a far larger impact on the revenue and benefits service than changes arising from Universal Credit. From 2012 Council Tax Benefit, a nationally determined but locally implemented benefit which reduced the amount of Council Tax low-income households had to pay, was replaced by a grant payment to local authorities for them to locally determine their own Council Tax Support scheme for working age adults. Pensioners continue to receive Council Tax Benefit. This devolution of support was accompanied by a 10% cut in funding. As a result Shropshire Council decided that from April 2018, all working age claimant for Council Tax Support (except for those in limited exempt groups) would now have to pay a minimum of 20% of their Council Tax, meaning that many benefits recipients would have to pay Council Tax for the first time. Shropshire Council estimates that this change to Council Tax Support will result in net savings to the council of £1.1 million.

Council officers told the group that this additional requirement for some Universal Credit recipients to pay Council Tax was likely to result in some families experiencing financial difficulties. Shropshire Council was able to support these people through a Discretionary Housing Payment (DHP). The group heard that the council received an annual DHP grant from government to help people where Housing Benefit or Universal Credit had been reduced because of:

- the benefit cap;
- the removal of the spare room subsidy (often called the “bedroom tax”);
- restrictions in the amount of help available with a private rent;
- a change in income; or
- the rent allowed in benefit is affected by other people living in the home.

DHP could also be used to support someone in housing by paying the deposit or advance rent on a new tenancy. The DHP grant to Shropshire Council had increased considerably since 2012, from £111,000 to £532,000 in 2017.

The council was unable to award a DHP to cover the cost of a Council Tax payment, meaning that any discretionary reduction in Council Tax would have to be paid by Shropshire Council. However if someone was receiving Universal Credit and was experiencing financial difficulties, the council could look at other aspects of the benefits and identify an eligible shortfall for it could award a DHP (at no cost to Shropshire Council). This allowed the council to use more of its DHP grant, of which there had been a consistent underspend. In the year to April 2015, Shropshire Council had spent 79% of its DHP grant from government. By the year to April 2018 this had dropped to 44.2%.

The group was keen to understand why the council had not awarded more of its allocation. It heard that two separate departments in the council were responsible for making awards. Payments to cover rent shortfalls resulting from changes to Council Tax support tended to be made by the revenue and benefits team, whereas one-off grants for items such as deposits were managed by the welfare reform team within customer services. This split responsibility appears to have weakened any co-ordination in ensuring that allocated funding was used in its entirety.

The group noted the challenge created by two separate teams within separate directorates performing overlapping roles. The group also felt that this split of responsibility could be detrimental to people approaching the council with financial hardship. For example, although the council has a policy for distributing discretionary housing payments, it was not clear that both teams were using this policy. This could potentially result in someone applying for support receiving a different decision depending on which team they approached first. Similarly, it was not immediately clear which team people seeking financial support should approach first. These unclear lines of responsibility, combined with a lack of a holistic strategy to manage the council's considerable welfare support across several directorates, mean that the local authority does not appear to manage its support as effectively as it could.

The group therefore recommends that Shropshire Council review its structures and processes, so that there are clear lines of responsibility for respective teams, together with clear procedures for managing claims of financial hardship. These processes and procedures should then better support the existing policy for managing discretionary housing payments, as well as any welfare support strategy that council agrees to undertake.

## **Conclusion**

The previous ten years have seen significant change in national welfare legislation. A concerted effort to reduce government budget deficits has resulted in cuts to levels of and eligibility for some long-term benefits for those who are unable to work. This has

happened in tandem with a reform of some out of work benefits. Although the aim of these reforms are to make work more attractive to people receiving out of work benefits, the nature of Universal Credit means that some people will experience short-term hardship when they first apply for the benefit., which may be then be exacerbated by lower rates of benefit awarded.

It is unlikely that recent changes to welfare will be reversed any time soon. And although Shropshire Council and its partners cannot and should not look to fill the gaps caused by these changes, there is plenty that they can do to support Shropshire people. As a central provider of welfare support, Shropshire Council is well-placed to take a strategic role in this work, should it choose to. However to do this it must first ensure that its own structures and processes provide clear and consistent support to people experiencing short-term hardship. It should then look to how it works with and supports partners such as local housing associations and the voluntary and community sector to support people requiring longer-term support. A single strategy, together with new processes that encourage closer working to support individuals, should help ensure that the council and its partners make the most effective use of their resources. Finally, central to that strategy should be a focus on helping people to enter the workplace and to reduce their dependency on diminishing welfare resources.

## **Recommendations**

The group recommends that Shropshire Council:

- produces a single process and procedure for managing applications for discretionary hardship support;
- works with partners to develop a single strategy for supporting people receiving benefits;
- focuses any welfare strategy on supporting people into work; and
- explores with partners ways to better co-ordinate its work to support individuals and families.

**Appendix 2: The financial loss to Shropshire from welfare reforms since 2010**

<b>Benefit change</b>	<b>Groups most affected</b>	<b>Number of households or individuals affected</b>	<b>Total loss to borough £million per year</b>	<b>Cost per working age adult £ per year</b>
<b>Housing Benefit – Local Housing Allowance</b> Changes to the rules governing assistance with the cost of housing for low-income households in the private rented sector. The new rules apply to rent levels, 'excess' payments, property size, age limits for sole occupancy and indexation for inflation.	<ul style="list-style-type: none"> <li>Low-income households in the private rented sector.</li> </ul>	<b>4,300</b>	<b>4</b>	<b>20</b>
<b>Housing Benefit – Under-occupation in the social rented sector</b> New rules governing the size of properties for which payments are made to working age claimants (widely known as the 'bedroom tax')	<ul style="list-style-type: none"> <li>Low-income households in the social rented sector.</li> </ul>	<b>2,000</b>	<b>1.5</b>	<b>8</b>
<b>Non-dependant deductions</b> Increases in the deductions from Housing Benefit, Council Tax Support and other income-based benefits to reflect the contribution that non-dependant household members are expected to make towards the household's housing costs	<ul style="list-style-type: none"> <li>Low to middle income households, without children, in work and out of work</li> </ul>	<b>1,100</b>	<b>0.8</b>	<b>4</b>
<b>Benefit cap (1)</b> New ceiling on total payments per household, applying to the sum of a wide range of benefits for working age claimants	<ul style="list-style-type: none"> <li>Larger out-of-work families</li> <li>Out-of-work households in areas with high housing costs</li> </ul>	<b>50</b>	<b>0.2</b>	<b>1</b>
<b>Council Tax Support*</b> Reductions in entitlement of working age claimants arising from 10 per cent reduction in total payments to local authorities		<b>0</b>	<b>0</b>	<b>0</b>

Benefit change	Groups most affected	Number of households or individuals affected	Total loss to borough £million per year	Cost per working age adult £ per year
<p><b>Personal Independence Payment</b> Replacement of Disability Living Allowance by PIP for working age claimants, including more stringent and frequent medical tests, as the basis for financial support to help offset the additional costs faced by individuals with disabilities <i>(anticipated impact by 2020/1)</i></p>	<ul style="list-style-type: none"> <li>Existing Disability Living Allowance claimants undergoing reassessment</li> <li>Less severely disabled of working age, mostly older, mostly out-of-work</li> </ul>	<b>4,000</b>	<b>12</b>	<b>64</b>
<p><b>Employment and Support Allowance (1)</b> Replacement of Incapacity Benefit and related benefits by ESA, with more stringent medical tests, greater conditionality and time-limiting of non-means tested entitlement for claimants in the Work-Related Activity Group</p>	<ul style="list-style-type: none"> <li>Out-of-work, mainly older adults with less severe health problems or disabilities</li> </ul>	<b>1,100</b>	<b>2.3</b>	<b>12</b>
<p><b>Child Benefit</b> Three-year freeze, and withdrawal of benefit from households including a higher earner</p>	<ul style="list-style-type: none"> <li>Everyone with children, especially higher-income families</li> </ul>	<b>33,900</b>	<b>13</b>	<b>68</b>
<p><b>Tax Credits (1)</b> Reductions in payment rates and eligibility for Child Tax Credit and Working Tax Credit, paid to lower and middle income households</p>	<ul style="list-style-type: none"> <li>Low-income households in work</li> </ul>	<b>17,400</b>	<b>17</b>	<b>90</b>
<p><b>1 per cent up-rating</b> Limit in annual up-rating of value of most working age benefits</p>	<ul style="list-style-type: none"> <li>Everyone on the main working age benefits</li> </ul>	<b>32,000</b>	<b>10</b>	<b>53</b>

<b>Benefit change</b>	<b>Groups most affected</b>	<b>Number of households or individuals affected</b>	<b>Total loss to borough £million per year</b>	<b>Cost per working age adult £ per year</b>
<b>Universal Credit tapers and thresholds</b> Reduction in the level of earnings and increase in the rate at which Universal Credit awards are withdrawn.	<ul style="list-style-type: none"> <li>• Low-income households in work</li> </ul>	<b>13,000</b>	<b>14</b>	<b>74</b>
<b>Tax Credits (2)</b> Reductions in payments and thresholds, notably the removal for new claims of the 'family' element and a limit on the 'child' element to two children for children born after March 2017	<ul style="list-style-type: none"> <li>• Low to middle income families, including households in work and out of work</li> <li>• Larger families, especially those having a third or additional child</li> </ul>	<b>8,000</b>	<b>8</b>	<b>43</b>
<b>Mortgage interest support</b> Change from welfare payment to a loan	<ul style="list-style-type: none"> <li>• Long-term out-of-work households with a mortgage , including those on ESA</li> <li>• Some retirees</li> </ul>	<b>600</b>	<b>1</b>	<b>5</b>
<b>'Pay to stay'</b> New requirement for higher-income tenants in the social rented sector in England to pay market rents, mandatory in local authority housing and voluntary for housing associations	<ul style="list-style-type: none"> <li>• Higher income social housing tenants in England, mostly in work, especially in areas with high market rents</li> </ul>	<b>300</b>	<b>0.4</b>	<b>2</b>
<b>LHA cap in the social rented sector</b> Housing Benefit in the social sector limited to the equivalent local private sector rate	<ul style="list-style-type: none"> <li>• Out-of-work and low income social housing tenants, but not in all cases (depending on local rent levels and property type)</li> </ul>	<b>1,100</b>	<b>0.8</b>	<b>4</b>
<b>Housing Benefit: 18-21 year olds</b> End of automatic entitlement for out-of-work 18-21 year olds	<ul style="list-style-type: none"> <li>• Young unemployed not living with parents</li> </ul>	<b>**</b>		

<b>Benefit change</b>	<b>Groups most affected</b>	<b>Number of households or individuals affected</b>	<b>Total loss to borough £million per year</b>	<b>Cost per working age adult £ per year</b>
<b>Employment and Support Allowance (2)</b> Reduction in payment to JSA rate for new claimants in the Work-Related Activity Group	<ul style="list-style-type: none"> <li>• Out-of-work, mainly older adults with less severe health problems or disabilities</li> <li>• New claimants only</li> </ul>	<b>1,700</b>	<b>2.1</b>	<b>11</b>
<b>Benefit cap (2)</b> Lower ceiling per household - £23,000 a year in London, £20,000 elsewhere – applying to total of wide range of working age benefits	<ul style="list-style-type: none"> <li>• Larger out-of-work families</li> <li>• Out-of-work households in areas with high housing costs</li> </ul>	<b>1,140</b>	<b>2.9</b>	<b>18</b>
<b>Benefit freeze</b> Four-year freeze in the value of most working-age benefits	<ul style="list-style-type: none"> <li>• Everyone on the main working age benefits</li> </ul>	<b>32,000</b>	<b>15</b>	<b>78</b>
<b>Total***</b>			<b>102</b>	<b>550</b>
<b>Total for households in social rented housing*</b>			<b>17</b>	<b>1,290</b>

\* Varies according to local authority. Not quantified by the research.

\*\* Not quantified by the research

\*\*\*Total includes rounding not included in line items.

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