

REPORT UNDER RULE 2(vi) OF THE COUNCIL PROCEDURE RULES

Report by Councillor Bob Bushell, Chair of the Community Leadership Scrutiny Committee

Mr. Mayor, Members of the Council

Following the roll out of Universal Credit for new claimants in Lincoln from 7th March 2018 CLSC decided to investigate the local impact of welfare reform.

Over the last few years a number of changes to welfare provision have been made. These have included the Benefit Cap, the Spare Room Subsidy and the roll out of Universal Credit. Additionally in 2016 the Welfare Reform and Work Act made a number of changes, including;

- Lowering the Benefit Cap outside Greater London to £20,000 per year for couples and lone parents; and £13,400 per year for single claimants (Carer's Allowance is excluded from the cap).
- Certain working age social security benefits and tax credits were frozen for four years, including Income Support; Job Seeker's Allowance; Employment and Support Allowance; Housing Benefit; Universal Credit; the individual child elements Child Tax Credit; and most elements of Working Tax Credit.
- The child element of Child Tax Credit and Universal Credit were limited to a maximum of two children for each household (there are some exemptions to this depending on circumstance).
- The work related activity component of Employment Support Allowance, and the limited capability for the work element of Universal Credit, were abolished.

With the previously mentioned introduction of Universal Credit to Lincoln in March 2018, the wider impact of welfare reform, and the high demand for affordable housing in the city as identified in Vision 2020 (reflecting the national pressure on the housing market), the topic of welfare reform is wide ranging. It was considered that two particular areas provided an opportunity for review.

Universal Credit

- Background to Universal Credit.
- The role of key support teams/agencies in responding to Universal Credit (e.g. Universal Credit Support Team, Welfare Advice, Citizens Advice and the Department for Work and Pensions).

- How Universal Credit has affected them, as well as any broader welfare reform.
- The impact of Universal Credit and welfare reform on communities.
- How the teams/agencies work together to meet demand, fill gaps and avoid duplication.

Affordable Housing

- Background on housing and its affordability, including its link to Universal Credit and welfare reform.
- Demand for affordable housing in the city.
- The council's role as landlord, and as an enabler of affordable housing.
- How affordable housing is encouraged in the city, and what impact this is having.
- The role of planning policies in delivering affordable housing.

Since the launch of Vision 2020, and in the lead up to the announcement of Universal Credit, the council has worked closely with the Department for Works and Pensions and other partners to raise awareness of the changes, spread knowledge of what support is in place, and ensure partners are prepared to support their service users. Particularly and up to and following the introduction of Universal Credit, regular monthly meetings have been taking place between Revenues and Benefits, Housing and other partners.

Key activities the city council is leading on to help residents to respond to welfare reform include:

- Creation of a Universal Credit Support Team.
- Provision of digital support via the suite of Public Access PCs in City Hall.
- Offering an advice service through the Welfare Advice Team.
- Contacting residents in advance who may be affected by welfare reform.

Additionally, in 2017/18, the city council has;

- Assisted Lincoln residents to claim additional benefits with an annual value of almost £1.8 million along with an additional £200,000 of lump sum payments.
- Awarded £31.9 million in Housing Benefit and £7.4 million in Council Tax Support via the Revenues and Benefits Team.
- Between April and June 2018 (first few weeks of Universal Credit), the council's Universal Credit Support Team has provided 160 residents with digital support; 82 residents with budgeting support and 31 residents with combined digital and budgeting support.
- Developed a Trusted Landlord Scheme to provide standards of accommodation, management of tenants and neighbourhood relations, covering 482 privately rented properties in the city at the end of 2017/18.

- Worked closely with partners such as Waterloo Housing Group and Westleigh Developments Ltd. to enable the Vision 2020 target of enabling 400 new homes by 2020 across a range of sites in the city.

On July 3rd 2018, Community Leadership Scrutiny Committee (CLSC) met to discuss the local impact of welfare reform, particularly focusing on;

- Changes brought about by the Welfare Reform Act 2012.
- Government targets implemented to reduce the benefits bill.
- The introduction of a benefit cap for working age people.
- Removal of the spare room subsidy.
- Introduction of the localised Council Tax Support Scheme.
- Introduction of a benefits freeze.

Feedback from the Department of Work and Pensions (DWP) noted that because Universal Credit (UC) is paid monthly in arrears, then on paper, arrears will be seen to build up until the UC payment is made, at which point a tenant will pay their rent a month in arrears, and the arrears should therefore reduce. This would be an ongoing monthly cycle of managed arrears under the new welfare system.

There are two frontline teams at the city council that are available to support residents with advice and guidance in relation to benefits, money and budgeting. These are the Welfare Advice Team based within Customer Services, and the UC Support Team based within the Revenues and Benefits Service. The majority of people helped with digital support was for processing a new UC claim, or a change of circumstance for UC. The most common reason for helping someone with budgeting support was to support them in requesting an advance payment of UC, followed by arranging a Managed Payment directly to their landlord.

There has been a general increase in the number of vulnerable customers, who require much more help and assistance in claiming and maintaining their UC. In particular, people with limited literacy, English as a second language, no access to the internet or a device to get online, or people with a learning disability or serious mental health issues have tended to struggle with the online application process.

The Welfare Advice Team is increasingly providing a 'support role'. This is not necessarily as a result of UC, but because there are limited resources in organisations (such as those in the voluntary sector), who are unable to support directly with issues, but instead provide a referral service to the city council's Welfare Advice Team.

At our next meeting on 28th August 2018 committee looked at the increased usage of foodbanks within the city with a written update by Simon Hoare of the Trussle Trust. The local increase reflected the national picture but it was felt too early to attribute this

increase to the role out of UC at this stage. Committee also heard from Helen Oliver the manger of Lincoln Citizen's Advice Bureau. At least 30% of customers they dealt with had mental health issues. Volunteers and frontline staff struggled supporting people applying for advanced payments due to them being considered vulnerable. A lot of tenants were in rent arrears before their application for UC was made which resulted in them spiraling into more debt. Tenants weren't always paid at the time they should have been and were placed in the wrong group; this resulted in repeat arrears and potential sanctions being issued. The more complex issues and challenges that CAB were faced with included language barriers, mental health and homelessness. These issues were difficult to resource due to a reduction in staff and services.

At our November 6th meeting committee investigated the second strand of our work programme that being housing supply. We heard from the Policy Manager of the Residential Landlord Association. Committee were informed of the recent changes impacting the private rented sector, including:

- Mortgage interest rate restrictions
- Stamp duty and land tax surcharge, with second properties incurring a 3% increase in stamp duty
- Higher rate of capital gains tax.
- Removal of wear and tear allowance for furnished properties.
- Removal of landlords energy saving allowance

A survey of landlords by the Residential Landlords Association provided the following responses;

- 70% said changes had reduced profitability
- 69% said changes discouraged investment
- 67% would increase rents
- 7% had already switched a property to a short term or holiday let.
- 62% were unwilling to let to tenants on UC
- 28% had evicted a tenant on UC in the last year, 77% of which was for rent arrears
- 61% of tenants were in arrears in 2018 compared to 38% in 2017 and 27% in 2016.
- Average arrears in 2018 were £2,300 compared to £1,600 in 2017

Other key witnesses provided committee with a verbal report:

- The Strategic Housing Market Assessment undertaken in 2015 had identified the level of need as being 17,400 affordable homes over the Local Plan period of 2012-2036 for Central Lincolnshire
- National guidance was clear in that new developments had to be viable and sustainable with appropriate infrastructure in place to support them. This led to a balance between the level of affordable housing and infrastructure that could be delivered for each development through the Community Infrastructure Levy and Section 106 Agreements.
- It was the City Council's policy that any development consisting of at least eleven dwellings must include an element of affordable housing, although the affordable housing element could be delivered elsewhere offsite.
- The Local Plan required that 25% of a development was allocated for affordable housing, with this being reduced to 20% for urban extensions.
- It was too early in the Local Plan period to confirm whether or not the target of 17,400 affordable homes would be met. The main barrier to achieving this target would be the rate of housing development itself which, at present, indicated a slower trajectory than initially anticipated.
- Town and city centres were seeing a negative impact as a result of national retail decline. This provided opportunities to explore a potential untapped resource in those spaces above dormant retail outlets which could result in additional affordable housing units
- Out of approximately 48,000 properties in Lincoln, 32% of them were in the private sector.
- The Trusted Landlord Scheme had been successful, which to date (November 2018) included 20 landlords comprising 350 of the city's private rented properties, all of which were operating at much higher standards as a result. Other applications were currently in the system which would bring even more landlords and properties in the scheme.
- The Council's Rogue Landlord Scheme had also been very successful, with a number of prosecutions having been made
- The empty homes target, in terms of seeking to bring homes back onto the market, was fifty per year. Returning empty homes to the market significantly improved the street value and quality of life of individual communities. The Council's Empty Homes Officer was targeting long term empty properties, with 125 properties in the city having been empty for at least two years, 51 properties having been empty for over four years and 428 properties being empty for at least 6 months.

- The Council and its partner Housing Association were increasing supply in the city through new build properties with 389 having been built to date since 2014/15. It was projected that 694 new build properties would be complete by 2021/22.

Due to a recent government announcement that Universal Credit Support would be transferring over to the Citizen's Advice Bureau from April 2018 it was agreed that CLSC would hold an extra meeting on 18th December 2018. We heard from a representative from the DWP, Shared Revenues and Benefits and the CAB.

Concern was expressed that this change had been announced without any consultation having taken place and that there were concerns how the service was going to be delivered. The current system had been a huge success so far with our Shared Revenues and Benefits service with North Kesteven District Council winning a prestigious national award for 'Excellence in Partnership Working'.

The issues Citizens Advice faced were;

- Lack of holiday cover
- Currently working at capacity and having to restrict work and potentially having to turn clients away.
- The current funding offer would not be sufficient to increase the restricted office opening hours (Currently open from 9am - 1pm Monday - Thursday)
- Staff not trained to a sufficient level in comparison to CoLC staff and were solely a workforce of volunteers.

Locally the CAB hadn't yet put a strategy in place yet and were working with the DWP and CoLC on potential partnership working.

Our next meeting on Tuesday 8th January 2019 CLSC focused on case studies hearing from key witnesses.

Key findings included:

- There are 978 applicants currently on the housing waiting list.
- Between April and November 2018, there were 491 homeless applications
- It can be difficult for particularly vulnerable groups to access support
- New claimants are waiting five weeks before receiving payments leading to a build-up of rent arrears and other debts
- There is a lack of awareness of the new welfare system amongst claimants. For example, there have been incidents where new claimants have not realised they can no longer claim housing benefit and that they must pay the housing element of Universal Credit to the council for their rent.

- Additionally, the MP's office has engaged with individuals that are struggling to cope on Universal Credit due to its design e.g. where two salary payments fall in a one month period then Universal Credit is lost for the following month, despite the claimant receiving no additional salary.
- The M.P.'s office reported a slow response rate in dealing with M.P. concerns from the Job Centre.
- The Committee discussed that many prospective tenants may be confused by the Council's tenancy contract and clearer information on their rights and responsibilities upon signing for a Council house may avoid issues at a later stage.

Over the period of the scrutiny review the following emerging recommendations were identified by the Community Leadership Scrutiny Committee. At its meeting on the 5th March 2019 these recommendations were approved for referral to the Executive:

1. That the Council, as part of the City Centre Masterplan and associated work already underway, seeks to increase the vibrancy of the city centre and undertake a review of empty commercial units, particularly units above shops to ascertain whether there are any opportunities to convert them to residential use.
2. In view of the fact that the Welfare Advice Team, Universal Credit Team, Customer Service Team and Citizen's Advice all currently work independently to provide support to Universal Credit claimants and customers and in light of the national decision to withdraw funding from local authorities and relocate this to Citizens Advice, that the Council undertakes a comprehensive review of the areas within its service delivery that supports welfare advice to the city's residents.
3. That the Council agrees to lobby local and regional Department for Work and Pensions representatives to better understand why there continues to be a delay in the payment of Universal Credit payments, which causes significant issues for Council's tenants as well as tenants in the private sector.
4. That the Council's Housing Directorate undertakes a review of housing allocations and tenant services in order to increase and improve the sustainability of Council tenants.
5. That the Council reviews the provision and considers a re-launch of a scheme with the Acts Trust, which had previously been set up under a Service Level Agreement regarding the re-use and distribution of abandoned furniture to Council tenants, and identifies any further opportunities to work with other charities or organisations to improve access to free furniture or white goods for those tenants struggling to furnish their homes.

6. That recommendations 1) to 5) be referred to the relevant Vision 2020 Groups for consideration and addition to their respective work programmes.

The CLSC recommendations were presented to the Executive Committee on Wednesday 20th March 2019.

I would like to extend my thanks to all members of the Community Leadership Scrutiny Committee all of whom have made valuable contributions throughout the 18/19 work programme and in particular my thanks to Cllr. Naomi Tweddle, vice-chair of CLSC.

All meetings have been held in a positive and constructive spirit and with a firm commitment to help mitigate some of the negative impacts of benefit changes.

I would also like to thank, on behalf of all the committee, the excellent officer support we have been fortunate recipients of. Thank you to Daren Turner, James Wilkinson, Graham Watts and Jess Cullen.

Cllr. Bob Bushell

Chair, Community Leadership Scrutiny Committee