

OVERVIEW & SCRUTINY COMMITTEE

Monday, 29 February 2016 at 7.15 p.m., Room C1, 1st Floor, Town Hall, Mulberry Place, 5 Clove Crescent, London, E14 2BG

This meeting is open to the public to attend.

Members:

Chair: Councillor John Pierce

Vice Chair: Councillor Danny Hassell

Councillor Mahbub Alam

Councillor Amina Ali

Councillor Peter Golds

Councillor Denise Jones

Councillor Md. Maium Miah

Councillor Oliur Rahman

Councillor Helal Uddin

Scrutiny Lead for Adult Health and Wellbeing

Scrutiny Lead for Law Probity and Governance

Scrutiny Lead for Communities, Localities & Culture

Scrutiny Lead for Resources

Scrutiny Lead for Development and Renewal

Co-opted Members:

Nozrul Mustafa

Victoria Ekubia

Dr Phillip Rice

1 Vacancy

1 Vacancy

(Parent Governor Representative)

(Roman Catholic Church Representative)

(Church of England Representative)

(Parent Governor Representative)

(Parent Governor Representative)

Deputies:

Councillor Muhammad Ansar Mustaquim, Councillor Khales Uddin Ahmed, Councillor Shah Alam, Councillor Dave Chesterton Councillor Candida Ronald and 1 Vacancy

[The quorum for this body is 3 voting Members]

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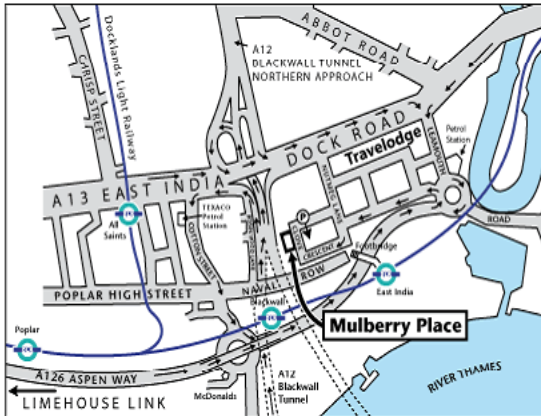
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1. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTEREST

1 - 4

To note any declarations of interest made by Members, including those restricting Members from voting on the questions detailed in Section 106 of the Local Government Finance Act, 1992. See attached note from the Director, Law, Probity and Governance.

3. UNRESTRICTED MINUTES

To confirm as a correct record of the proceedings the unrestricted minutes of the meeting of the Overview and Scrutiny Committee held on 1st February, 2016 – To follow.

4. REQUESTS TO SUBMIT PETITIONS

To receive any petitions (to be notified at the meeting).

5. UNRESTRICTED REPORTS 'CALLED IN'

No decisions of the Mayor in Cabinet on 2nd February, 2016 in respect of unrestricted reports on the agenda were 'called in'.

6. SCRUTINY SPOTLIGHT

6 .1 Crime and disorder spotlight (second) with Borough Commander and Safer Communities

All Wards

To follow.

7. UNRESTRICTED REPORTS FOR CONSIDERATION

7 .1 Find it, Fix it, Love it (FIFLI)

All Wards

To follow.

7 .2 Welfare Reform Task Group Update

All Wards

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8. VERBAL UPDATES FROM SCRUTINY LEADS

(Time allocated – 5 minutes each)

9. PRE-DECISION SCRUTINY OF UNRESTRICTED CABINET PAPERS

Cabinet on 1st March, 2016 has been cancelled therefore there will be no reports for pre-decision scrutiny.

10. ANY OTHER UNRESTRICTED BUSINESS WHICH THE CHAIR CONSIDERS TO BE URGENT

To consider any other unrestricted business that the Chair considers to be urgent.

11. EXCLUSION OF THE PRESS AND PUBLIC

In view of the contents of the remaining items on the agenda the Committee is recommended to adopt the following motion:

“That, under the provisions of Section 100A of the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985, the press and public be excluded from the remainder of the meeting for the consideration of the Section Two business on the grounds that it contains information defined as Exempt in Part 1 of Schedule 12A to the Local Government Act, 1972.”

EXEMPT/CONFIDENTIAL SECTION (Pink Papers)

The exempt committee papers in the agenda will contain information, which is commercially, legally or personally sensitive and should not be divulged to third parties. If you do not wish to retain these papers after the meeting, please hand them to the Committee Officer present.

SECTION TWO

WARD

**PAGE
NUMBER(S)**

12. EXEMPT/ CONFIDENTIAL MINUTES

Nil items.

13. EXEMPT/ CONFIDENTIAL REPORTS 'CALLED IN'

No decisions of the Mayor in Cabinet 2nd February, 2016 in respect of exempt/ confidential reports on the agenda were 'called in'.

14. PRE-DECISION SCRUTINY OF EXEMPT/ CONFIDENTIAL) CABINET PAPERS

Cabinet on 1st March, 2016 has been cancelled therefore there will be no exempt/confidential reports for pre-decision scrutiny.

15. ANY OTHER EXEMPT/ CONFIDENTIAL BUSINESS THAT THE CHAIR CONSIDERS URGENT

To consider any other exempt/ confidential business that the Chair considers to be urgent.

Next Meeting of the Overview and Scrutiny Committee

Monday, 4 April 2016 at 7.15 p.m. to be held in Room C1, 1st Floor, Town Hall, Mulberry Place, 5 Clove Crescent, London, E14 2BG

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Agenda Item 2

DECLARATIONS OF INTERESTS - NOTE FROM THE INTERIM MONITORING OFFICER

This note is for guidance only. For further details please consult the Members' Code of Conduct at Part 5.1 of the Council's Constitution.

Please note that the question of whether a Member has an interest in any matter, and whether or not that interest is a Disclosable Pecuniary Interest, is for that Member to decide. Advice is available from officers as listed below but they cannot make the decision for the Member. If in doubt as to the nature of an interest it is advisable to seek advice **prior** to attending a meeting.

Interests and Disclosable Pecuniary Interests (DPIs)

You have an interest in any business of the authority where that business relates to or is likely to affect any of the persons, bodies or matters listed in section 4.1 (a) of the Code of Conduct; and might reasonably be regarded as affecting the well-being or financial position of yourself, a member of your family or a person with whom you have a close association, to a greater extent than the majority of other council tax payers, ratepayers or inhabitants of the ward affected.

You must notify the Interim Monitoring Officer in writing of any such interest, for inclusion in the Register of Members' Interests which is available for public inspection and on the Council's Website.

Once you have recorded an interest in the Register, you are not then required to declare that interest at each meeting where the business is discussed, unless the interest is a Disclosable Pecuniary Interest (DPI).

A DPI is defined in Regulations as a pecuniary interest of any of the descriptions listed at **Appendix A** overleaf. Please note that a Member's DPIs include his/her own relevant interests and also those of his/her spouse or civil partner; or a person with whom the Member is living as husband and wife; or a person with whom the Member is living as if they were civil partners; if the Member is aware that that other person has the interest.

Effect of a Disclosable Pecuniary Interest on participation at meetings

Where you have a DPI in any business of the Council you must, unless you have obtained a dispensation from the authority's Interim Monitoring Officer following consideration by the Dispositions Sub-Committee of the Standards Advisory Committee:-

- not seek to improperly influence a decision about that business; and
- not exercise executive functions in relation to that business.

If you are present at a meeting where that business is discussed, you must:-

- Disclose to the meeting the existence and nature of the interest at the start of the meeting or when the interest becomes apparent, if later; and
- Leave the room (including any public viewing area) for the duration of consideration and decision on the item and not seek to influence the debate or decision

When declaring a DPI, Members should specify the nature of the interest and the agenda item to which the interest relates. This procedure is designed to assist the public's understanding of the meeting and to enable a full record to be made in the minutes of the meeting.

Where you have a DPI in any business of the authority which is not included in the Member's register of interests and you attend a meeting of the authority at which the business is considered, in addition to disclosing the interest to that meeting, you must also within 28 days notify the Interim Monitoring Officer of the interest for inclusion in the Register.

Further advice

For further advice please contact:-


Melanie Clay, Director, Law, Probity and Governance 020 7364 4800

APPENDIX A: Definition of a Disclosable Pecuniary Interest

(Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012, Reg 2 and Schedule)

Subject	Prescribed description
Employment, office, trade, profession or vacation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	<p>Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by the Member in carrying out duties as a member, or towards the election expenses of the Member.</p> <p>This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.</p>
Contracts	<p>Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority—</p> <p>(a) under which goods or services are to be provided or works are to be executed; and</p> <p>(b) which has not been fully discharged.</p>
Land	Any beneficial interest in land which is within the area of the relevant authority.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.
Corporate tenancies	<p>Any tenancy where (to the Member's knowledge)—</p> <p>(a) the landlord is the relevant authority; and</p> <p>(b) the tenant is a body in which the relevant person has a beneficial interest.</p>
Securities	<p>Any beneficial interest in securities of a body where—</p> <p>(a) that body (to the Member's knowledge) has a place of business or land in the area of the relevant authority; and</p> <p>(b) either—</p> <p>(i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or</p> <p>(ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.</p>

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Non-Executive Report of the: Overview and Scrutiny Committee 29 th February 2016	
Report of: Cllr Sirajul Islam, Deputy Mayor and Cabinet Member for Housing Management and Performance	Classification: Unrestricted
Welfare Reform Update	

Originating Officer(s)	Kevin Kewin, Interim Service Head, Corporate Strategy and Equality Zena Cooke, Corporate Director of Resources
Wards affected	All

Summary

- This is a briefing report on the impact of Welfare Reform in Tower Hamlets.
- The report details the key support measures currently in place, including those funded through council resources and government grants.
- The report also highlights future welfare reform changes and the council’s planned response.

Recommendations:

The Overview and Scrutiny Committee is recommended to:

1. Consider this report, including the actions being undertaken by the council and its partners.

1. INTRODUCTION

- 1.1. The Government announced a number of welfare changes in their Emergency Budget (July 2015) and Autumn Statement (December 2015). These build on other welfare reforms implemented since April 2011.
- 1.2. The existing changes are already having a significant impact on some residents in the borough and council and partners' services.
- 1.3. The following statistics provide an overview of the Tower Hamlets context in which welfare reform is occurring and some of the key facts and figures in relation to specific reforms:
 - In 2014/15, 45,400 residents in Tower Hamlets were economically inactive, of which 69% were women
 - In January 2016, 35,320 residents are in receipt of Housing Benefit, of which 35% were in work
 - Research from 2013 highlighted that nearly half of all households have an annual income of less than £30,000, of which 17% of all households have an annual income of less than £15,000
 - There are approximately 19,000 residents on the current housing waiting list in Tower Hamlets
 - At December 2015 there were 2034 households living in Temporary Accommodation (including bed and breakfast) with 95% of those being accommodated under our homelessness duty
 - Currently, over 2,000 households are impacted by the size criteria in social housing (often referred to as the 'bedroom tax'), with an average weekly loss of £23 per week
 - Currently, approximately 500 households are impacted by the benefit cap, with an average loss of £72 per week.
 - The proposed lower £23,000 benefit cap for couples / families in London is predicted to increase the number of households affected in Tower Hamlets from 501 to 1,897 cases
 - The 2015/16 Discretionary Housing Payments Budget was £2.7m
- 1.4. The interaction of the national welfare reform agenda with the particular circumstances within Tower Hamlets creates a series of risks. The council is operating in a context of shrinking resources and a growing need for financial support. This is starkest in relation to Discretionary Housing Payments (DHPs). Based on the current analysis of who will be affected by the new benefit cap, the benefits service estimates an annual DHP need of £7m, if the council were to support all currently capped residents, if they made no changes to their current circumstances. Government provision will be just under £2m, which will also need to support residents affected by other reforms, including the 'bedroom tax'. In addition to financial risk, there are also risks to the council created by the growing pressures relating to housing homeless households which may lead to increased placements outside of the borough and London. Further risks relate to our duties to vulnerable families who may be known to social services and be impacted by these reforms.
- 1.5. The council has taken a cross council and partnership approach to responding to welfare reform. This has been co-ordinated by the Welfare Reform Task Group. The

following council services have been key in providing a holistic response and supporting residents:

- **Adult Learning:** Provision of basic skills, including ESOL and digital training.
- **Adult Services:** Supporting disabled residents, those with long term conditions and mental health issues with changes to disability benefits and employment support
- **Benefits Service:** administering and monitoring the new benefits systems
- **Children's Services:** Supporting parents into employment through Children's Centers and childcare provision
- **Economic Development:** Employment support and projects
- **Housing Options:** Homeless services
- **Public Health:** Wider determinants of health and supporting those with long term health conditions to access employment
- **Strategic Housing:** Linking with RSLs and analysis of affordability
- **Third Sector Team:** Delivery of employment and welfare support services through MSG

The continuing involvement of these services will be key to the development of the integrated support and employment options for residents impacted by welfare reform.

- 1.6. This note takes stock of the welfare reform changes that are already in place, their impact locally and the council's response to date. It then provides an overview of the new proposed changes, an early analysis of their predicted impact and recommended actions in response. Finally, the paper sets out some emerging issues that the council will need to consider. The paper is laid out in the following sections:

Section 2: Implemented Welfare Changes and local Impact (Appendix 1)

Section 3: The Council's Response (Appendix 2)

Section 4: Proposed Welfare Changes and Predicted Impact (Appendix 3)

Section 5: The Council's Planned Response (Appendix 4)

Section 6: Emerging Issues

2. IMPLEMENTED WELFARE CHANGES AND LOCAL IMPACT

2.1. In response to this unprecedented level of change, the council established the Welfare Reform Task Group in 2012. The Task Group has engaged a wide range of partners. Over fifteen organisations, including housing providers, Job Centre Plus, advice agencies, health providers and third sector support services regularly attend and support its work.

2.2. Through this forum, the impact of these changes has been measured through a range of indicators. To supplement this understanding, the council also commissioned the Centre for Social Inclusion (CESI) to undertake qualitative and quantitative analysis on the impact of welfare reforms on residents in Tower Hamlets, as well as on council and third sector support services.

2.3. A list of key changes and the council's assessment on the number of residents affected by each reform and the financial impact is provided in appendix 1.

2.4. Key affected groups – evidence from the local qualitative research undertaken by CESI:

CESI's report highlighted that there are three groups of residents who have been most affected by the welfare reforms to date.

- Households where one or more members were disabled or suffering from long term illnesses including mental ill health: These households are often affected by multiple reforms including reassessment of Incapacity Benefit and the size criteria in social housing i.e. bedroom tax (where not eligible for an additional carer's room).
- Lone parent households: Mostly with three or more children, almost all long-term residents with strong social networks and often not in work. These households are affected by a range of reforms including the benefit cap, LHA changes and loss of entitlement to Income Support (due to lowering the age of the youngest child at which parents are expected to look for work).
- Households in the private rented sector: This includes working and non-working households but who are affected by LHA reforms and the benefit cap sometimes leading to eviction and homelessness.

2.5. Impact on household income:

At the time of the CESI research, it was expected that households claiming benefits in Tower Hamlets would be £32 per week or £1,670 per year worse off as a result of the Welfare Reform changes. This was in the top 10% of impacts nationally.

The impact for individual households has been varied. Most households affected have been impacted by reductions in tax credits and the freezing of benefits at 2011 levels. Although fewer households are currently impacted by the Benefit Cap than originally estimated, they face a far larger reduction in their benefit payments, on average £71.45 per week (or £3,715.40 per year).

The squeeze on residents' incomes has been reflected through an increase in rent arrears and an increase in the use of food banks. The total number of referrals to the local Trussell Trust food bank has increased by 365% between 2010/11 to 2014/15 (1,824 more referrals), with a large rise in the number of single people and single parents accessing the food bank.

2.6. Impact on housing and homelessness:

The changes to Local Housing Allowance (LHA) and the introduction of a Benefit Cap has made private rented sector housing in Tower Hamlets increasingly unaffordable to unemployed and low income residents. The average shortfall between the current LHA rate and private rents in the borough range between £359 to £650 per month depending on bedroom numbers.

This has resulted in increases in homelessness applications following evictions by private landlords. There were 210 more households applying as homeless due to evictions by private landlords in 2014/15 compared to 2012/13.

In the 12 months to September 2015 there was a 26% increase in the number of households made homeless due to loss of assured short term tenancies compared to the previous year– up from 159 to 214. While the rate of increase has slowed this remains the single largest cause of homelessness in the Borough.

The reduction in affordability of private rented sector accommodation has also impacted on the availability of temporary housing in the borough. The council has had to seek out of borough, and in some cases out of London, temporary accommodation. The number of residents in out of borough temporary accommodation has fluctuated, but is now rising steadily and accounts for nearly half of all homeless placements.

At December 2015, 46% of all homeless applicants were placed out of Borough. A total of 166 households were in Bed & Breakfast accommodation of which 69 were families, although this compares to a peak of 300 households in B&B accommodation in July. At 31 January 2016 the number of households who have been in Bed and Breakfast accommodation for longer than the legal limit of six weeks had reduced to 16.

Whilst the major impact of housing affordability has been felt by private sector tenants, tenants in social tenancies are also impacted by the reforms. These include:

- the benefit cap (which at current levels creates a rent shortfall in the social housing sector for most unemployed families who require more than four bedrooms),
- the size criteria in social housing ('bedroom tax'), which affects over 2,000 families in the borough) and
- the increase in non-dependant deductions.

The average rent arrears of tenants of Tower Hamlets Homes impacted by these reforms have all increased since last year.

The government's reforms and re-classifications of affordable housing rent levels combined with the reductions to housing benefit have worked to reduce the affordability of new build social housing. The council's own model for affordable rent levels) are below the Local Housing Allowance (LHA) rate but rents at 80% of market rates are above the LHA level.

Even homes at the borough's affordable rents will create a rent shortfall for families with more than three children impacted by the current benefit cap. This has meant that social homes let at the newer higher rental levels are taking longer to let and the council and housing associations are undertaking affordability checks to ensure new tenants are able to afford the rental levels. The new benefit cap (£23,000) will make two and three bed homes at affordable rents unaffordable for unemployed families although homes at social rent levels will remain affordable for unemployed families, even under the new £23,000 cap.

The full impact of four reforms (Local Housing Allowance freeze, benefit cap, the size criteria in social housing and the increase in non-dependant deductions) has

been cushioned by the use of discretionary housing payments, which have in the main bridged the rent shortfall. If this funding reduces, and pressure on its use rises, more residents will face rent arrears and the possibility of homelessness.

2.7. Impact on employment:

The thrust of the government's benefits policy has been to increase work incentives and the penalties for not working. This policy direction has been reflected in a reduction in the borough's JSA claimant count, which has reduced by 2.9 percentage points since March 2013, and an increasing employment rate is currently 68.7%, the highest it has been since recording began in 2004.

The reforms with the biggest impact in this regard may have been the introduction of more stringent benefit conditionality, through the claimant commitment, and the benefit cap (which is lifted once a family is in remunerative work - for 24 hours as a couple and 16 hours as a single resident).

The changes have also increased the number of people expected to work, through reforms including lowering the age of the youngest child at which parents are expected to look for work and through enhanced work capability assessments which have reduced the number of people now receiving Employment Support Allowance, compared to those who were receiving Incapacity Benefit.

The CESI report highlighted that this has resulted in more residents looking for work, but that they are facing major barriers including skills gaps, ESOL, childcare needs and health and disability issues, especially mental health needs. Recent local peer research has found that the most frequently cited barrier to employment by lone parent households is childcare, due to its high costs. Although the government offers 15 hours of free child care a week, individuals find it difficult to match the childcare hours (e.g. 3 hours per day) with suitable employment.

The borough's employment services have traditionally focussed on supporting residents who are actively seeking work and are closer to the labour market. The impact of welfare reform, alongside reducing council resources, has resulted in a review of what services are best placed to work with residents much further from the labour market and who requires a greater level of support to move towards and into employment. A range of pilot projects to meet this demand have been developed.

2.8. Universal Credit:

In addition to those reforms which have been fully implemented. The government is currently undertaking the initial roll out of Universal Credit.

Tower Hamlets was included as part of a small-scale DWP rollout aimed at a small cohort of claimants. The new arrangement which went live as of 2nd March 2015 affects new, single claimants of Job Seekers Allowance in the borough. The date of the wider roll out of Universal Credit in Tower Hamlets is yet to be made public but is likely to be in several years' time.

In March 2015, the council signed a Delivery Partnership Agreement with Job Centre Plus. This unlocked a small amount of funding for residents referred for digital and personal budgeting support and a direct telephone line for Registered Social Landlords and Advice Agencies through to the Universal Credit support centre to address any claimant queries.

The following monitoring provides an overview of the impact of the roll out so far (figures as of January 2016):

- 1368 claims to date (of which 166 would have been Housing Benefit Claims)
- More than 50% of claims were made by 18-24 year olds
- Approximately 3-5 week timeframe for UC claims to be processed.

The council's benefits service has picked up a number of implementation issues with the current Universal Credit System, which they are working with JCP to address.

3. THE COUNCIL'S RESPONSE:

3.1. The council's response has been co-ordinated and led by the Welfare Reform Task Group. This group has overseen a range of mitigating actions to help support residents through the reforms.

3.2. The key mitigating actions, undertaken from 2012 to date, are provided below and further details are provided in appendix 2.

3.3. Information and Advice:

- Information and publicity campaigns
- Series of events reaching 800 residents with face to face advice

3.4. Financial Support:

- Discretionary Housing Payments, including additional funding provided through the council's budget
- Council Tax Benefit Scheme
- Crisis and Support Grants

3.5. Employment and Skills Support:

- Targeted employment and skills support for residents most affected, often delivered through co-location and partnership working
- Development of an integrated employment support project which will additionally target those benefit capped residents in receipt of DHP to engage with employment and skills services

3.6. Resilience Support

- Promoting digital inclusion, through the development of the Digital Inclusion Strategy and Action plan
- Range of Financial Inclusion Support through the Financially Inclusive Tower Hamlets network.

4. PROPOSED WELFARE CHANGES AND PREDICTED IMPACT

- 4.1. The Government announced a number of welfare changes in their Emergency Budget (July 2015) and Autumn Statement (December 2015). The detail of many of the proposals are yet to be announced and are expected in the Employment and Welfare Benefits Bill.
- 4.2. The council has undertaken early analysis to understand how these proposed reforms will impact residents in the borough. A full timeline and of the proposed reforms and an initial impact analysis is provided in appendix 3. The impact in relation to the benefit cap is summarised below.
- 4.3. The reduction of the Benefit Cap:

This is likely to have the biggest local impact due to high local rent levels, social housing shortages and relatively high levels of unemployment. Tower Hamlets currently has approximately 501 households affected by the benefit cap, each of which will face an additional reduction of £3,744 per year. Households, currently in receipt of benefits between the value of £23,000 and £26,000, will also come into the scope of the benefit cap as a result of these changes.

Current estimates suggest that there will be as many as 1,396 additional cases across all tenancies, with an average weekly reduction in benefit of £72. Of these, it is estimated there will be 771 households in social tenancies (THH and RSLs) with an average weekly reduction in benefit of £66.53. There are currently only 315 households affected by the benefit cap in social tenancies in the borough. This increase could have a large impact on arrears and potentially increase evictions and resulting homelessness from what is currently secure affordable accommodation.

A further repercussion will be that once an RSL property is void, government policy requires it to be re-let at affordable rent levels that are up to 80% of private rents and therefore less affordable to those on the housing waiting list.

The Local Housing Allowance cap is also expected to be applied in the Housing Benefit assessment for social sector tenants. At up to 80% of market rents even some affordable rents are likely to be above the LHA rates and it is likely that some affordable rent tenancies entered into after April 2018 are likely to have their Housing Benefit capped.

Currently 186 households (over a third of all households that are benefit capped) are homeless and living in temporary accommodation. As the reduction in benefit is from housing benefit, this will impact on the affordability of their current accommodation – placing further pressure on discretionary housing payments.

The cumulative impact of the reduced cap will increase the need for out of borough temporary accommodation, i.e. using the private rented sector to

discharge the council's housing and homelessness duties. (NB when housing residents outside of London, these households will also be subject to the £20,000 out of London cap).

Currently the council has suspended the policy to end the full homeless duty through the Private Rented Sector. However the suspension could be reviewed in order to increase the options available to reduce the numbers in temporary accommodation, with consideration given to the circumstances in which this may be an acceptable outcome, for instance the ability to use Housing Association buy-backs let on Assured Shorthold tenancies. The reduced cap will make it very difficult or impossible to find affordable Private Rented Sector properties for capped households in London and increasingly difficult outside of London. A further option may be to approach councils and Housing Associations with empty stock, with a view to discharging our homeless duty through housing homeless households in those properties.

The cap will create additional needs in terms of rent-bridging resources where moving is delayed or inappropriate. This will also place more pressure on the council's Discretionary Housing Payment provision.

4.4. Changes to tax credits:

The July budget introduced numerous changes to Tax Credit, Housing Benefit and Universal Credit entitlement. However following the decision in the House of Lords, the Chancellor has now reversed the proposed changes to the Tax Credit income thresholds and tapers. However, it should be noted that similar changes in respect of the income threshold for Universal Credit will remain in place.

5.0 THE COUNCIL'S PLANNED RESPONSE:

- 5.1 The Welfare Reform Task Group has supported partnership working and a co-ordinated response to the welfare changes to date, including informing residents, and providing advice, support and financial assistance where possible. The development of a partnership approach, and shared systems and strategies to respond to welfare reform, puts the partnership in a strong position to respond to future challenges.
- 5.2 Following the CESI research and report in 2014, the council worked with CESI to train peer researchers who have recently undertaken a follow up research project in 2015. The research considers the impact on residents, affected by a range of reforms, and their response. This work will provide further insight in developing the council's response.
- 5.3 The Welfare Reform Task Group has developed a detailed action plan to mitigate the impact of the proposed reforms as well as continuing to support residents affected by existing reforms. The key mitigating actions are set out below and further details are provided in appendix 4.
- 5.4 Information and Advice:

- Develop a new Communications Campaign to inform residents about the new changes and where they can receive support
- Develop another series of Welfare Benefit Drop in Sessions across the borough
- Identify families likely to be impacted by the new lower benefit cap and contact them individually using letters and targeted visits

5.5 Financial Support:

- Review current financial support programmes: Discretionary Housing Payments, Council Tax Benefit Scheme and Crisis and Support Grants, as they are facing reductions in government funding. Section 6 below includes further detail.

5.6 Employment and Skills Support:

- Expand the Raising Aspirations programme across the borough, to provide intensive support to get long-term unemployed and economically inactive residents into work
- Develop an Integrated Employment Service to support higher volumes of local people toward skills and work
- Improve the quality and availability of skills training and ESOL provision, and better co-ordinate the provision of both third-sector and private sector employment support, including by moving from grant giving to commissioning for employment services
- DHP Employment project will develop and incorporate more support services, case managing residents to ensure they receive support from the most appropriate organisation.

5.7 Resilience Support

- Further digital inclusion actions including launching a digital buddies scheme to provide 1:1 support
- Further Financial Inclusion support including 1:1 support, community mentor training and workshops

5.8 Strategic Response:

- Affordability Commission
- Updated Housing Statements and Housing Strategy
- Early Years and Childcare review
- Develop and deliver an Economic Growth Strategy

6.0 **EMERGING ISSUES**

The cumulative impact of existing welfare reforms, reducing central government funding for local support systems and the estimated impact of future changes has highlighted a number of emerging issues that will require a policy response. These issues need to be considered in the context of the council's own Medium Term Financial Strategy, including the requirement for £58m savings over the next three years.

6.1 **Use of Discretionary Housing Payments (DHP)**

The purpose of a DHP is to top up awards of Housing Benefit (HB) to cover any shortfall between HB entitlement and the eligible rent charged for our most vulnerable households; as the DHP fund is cash limited, it is not a long term sustainable solution but usually helps families over a short term period. DHPs can also be used to meet rent deposits and rent in advance to facilitate moves to more suitable accommodation.

Demand for DHP is already greater than the current funding allocation of £2.7m in 2015/16. The reduced benefit cap will create an even greater level of demand in the future.

The benefit service already asks those requesting DHP to provide proof that they are seeking employment (if impacted by the benefit cap) or looking to downsize (if impacted by the size criteria in social housing i.e. 'bedroom tax'). This is used as part of the process for granting DHP, but does not fetter discretion.

Historically, DHP has been used to prevent homelessness, through bridging rent gaps. Due to an aspiration to reduce long term reliance on DHP because of funding uncertainty, the service has moved towards using DHP funding as a tool to promote behaviour change around employment and housing. This may mean that only those most vulnerable (unable to move or furthest from the labour market) can be provided with DHP funding.

The demand pressures on DHP, including from households in secure accommodation could mean that DHP applicants are unable to access support if they cannot provide evidence of employment activity for those benefit capped or housing activity for those that are 'bedroom taxed'. This could result in increasing arrears and evictions. However, any rise in homelessness places pressure on the council's Housing Options service to find appropriate accommodation. This will be more expensive temporary accommodation and probably out of the borough. It is also likely that any void properties created by an eviction would (under new government requirements) be transitioned into "affordable rent" properties, reducing their affordability for any household which moves in.

The large variation in rental shortfalls and the resulting DHP claims, for benefit capped households, between different tenures, is illustrated by the following table (data from January 2016).

Tenure type	Number of capped households receiving DHP	Average weekly DHP award	Total weekly cost
Social Housing	30	£82.14	£2,464.25
Private rented sector	13	£72.66	£944.60
Temporary Accommodation	67	£105.95	£7,098.73

Whilst all applications for DHP are judged on their own merits and no policy can fetter the discretion of the council, a policy discussion is required about the future use of DHP.

6.2 Crisis and Support Grants

Following the announcement of the provisional Local Government Funding Settlement it is likely that central government funding for crisis and support grants will be stopped entirely from 2016/17. The scheme is funded directly from Central Government, £712k being given for 2015/16. In addition there was a £415k underspend on the scheme in 2014/15 giving a total budget in the current year of £1.127m. The current year's scheme is forecast to have an underspend of £260k which can be used to fund grants into 2016/17.

A series of options have been developed for the future of the service and the aim is to present these to Cabinet for consideration. These include continuing a reduced service, funded either solely from the underspend from the current year or with top up funding by the council; providing vouchers or goods including recycled furniture instead of cash; or no longer providing the service.

6.3 Council Tax Reduction Scheme

In April 2013 the Government replaced the national Council Tax Benefit scheme with the Local Council Tax Replacement Scheme (LCTRS). At the same time the government reduced its associated funding contribution by 10% nationally to local authorities. Councils have discretion to design their own LCTRS within certain constraints. Pensioners who account for 27% of LCTRS recipients in Tower Hamlets are protected but changes can be considered for claimants of working age should the council wish to make any changes to the scheme and / or the level of support provided.

Funding made available to support the LCTRS schemes now forms part of the council's formula funding arrangements. The current LCTRS in Tower Hamlets mirrors the previous national Council Tax Benefit scheme. It fully disregards war pensions and ensures benefit is assessed based on claimants' income and circumstances, allowing a maximum entitlement of 100% of Council Tax liability.

The LCTRS in Tower Hamlets is fully funded by the council; this means that Council Tax charges are not passed on to working age households on a low income. However, given the pressures on council budgets going forward, together with an opportunity to learn from other council's that have revised their schemes, the council is committed to undertaking an options review for the future of the LCTRS. Any changes would be subject to extensive public consultation.

Of all 109,448 households in Tower Hamlets (that could apply), 30% receive help through the LCTRS. There are currently 33,346 LCTRS recipients of whom 73% (24,318 households) are of working age and 27% (9,028 households) are pensioners.

6.4 Temporary Housing

The council was for many years successful at procuring accommodation in the private rented sector for use as temporary accommodation. This is because the council presented an attractive proposition for private landlords, being able to pay market rates while guaranteeing the rents and undertaking all aspects of property management. These properties are referred to as Private Licence Arrangements (PLA).

Since 2010 the government has capped the amount of housing benefit subsidy paid for temporary accommodation and that subsidy has been frozen since 2011 at 90% of the January 2011 Local Housing Allowance.

As demand and prices for private sector accommodation has increased, the gap between market rents and temporary accommodation subsidy has widened.

This situation was worsened by the increasing demand for temporary accommodation for homeless households as private landlords evicted households in receipt of housing benefit, in favour of market rent tenants.

All inner London Boroughs are facing similar restrictions of stock and some are choosing to outbid other authorities, including in Tower Hamlets. There are now some 50,000 homeless households in temporary accommodation in London, all competing for a shrinking resource while the differential between market rents and temporary accommodation subsidy continues to increase. All London authorities are paying increasing amounts to subsidise the rents of households in temporary accommodation and LBTH will need to consider a further rent increase to help retain its TA stock and procure sufficient additional accommodation to meet need while it is developing alternatives.

The lack of affordable private sector provision led to an increase in the use of B&B accommodation. The council has undertaken a number of actions to try to increase the supply of self-contained accommodation and to reduce the reliance on bed & breakfast accommodation. This includes

- actively seeking additional council and Registered Provider non-secure tenancies;
- putting households whose properties are on notice of hand-back on to auto-bid to try to get them permanent offers;
- using 'annexes' (self-contained properties let on B&B licences at around a 30% higher cost to the council than PLAs) since October 2013;
- Setting a quota this year for the number of permanent offers to homeless households; and the implementation of autobid for all homeless households once they have been in temporary accommodation for defined periods of time.

In the year to November 2014 the council exercised its powers to cease the homelessness duty to more than 70 homeless households by way of offers of private sector tenancies.

There has been an increase in the number of PLA properties being offered to the council following a £30 per week rent increase in May 2015. This has not been

sufficient to meet the need for self-contained properties, and the rent increase will mean that a higher proportion of temporary accommodation will not be affordable to capped households once their DHP award runs out.

The rent increase applied in May 2015 has been successful in reducing the decline in the PLA stock, with the proportion of re-lets increasing from around 10% in 2014/15 to 56% since the rents were increased. It is anticipated this performance will begin to decline as market rents increase further, which means a further growth bid for properties within the Borough will need to be made.

The proportion of nightly paid 'annexes' within self-contained private sector temporary accommodation used by the council has increased from 18% to 32% in 12 months. Rents on these properties are approximately 20% higher than PLAs, of which all the additional cost is borne by the Council.

To meet current demand, the service needs to procure around 1000 units of temporary accommodation within the next year. That number is likely to rise by about 400 when the benefit cap is reduced to £23,000 PA and it is unlikely that London will provide an affordable option for any capped household, regardless of the size of the family. To the end of December, the service had procured 383 new self-contained properties, and achieved re-lets on 148 to the end of November.

Options to develop the council's supply of temporary accommodation are being explored including use of the Council's own hostel accommodation; increasing the proportion of non-secure tenancies from social housing stock and acquiring properties for use as Temporary Accommodation; approaching local authorities with high levels of social housing voids to see if these present opportunities for use as temporary accommodation; and discussions with other London Boroughs about the potential for developing a Social Lettings Agency.

6.5 Supporting residents into Employment

The introduction of the new, lower benefit cap and the reduction in DHP funding means that even those residents currently extremely far from the labour market will have to move into employment if they wish to remain living in the borough or London.

The council and partners will therefore have to identify how we can improve the engagement, skills training and employment support provided to those furthest from the labour market. This will include single parents, those with limited English language and other key skills and those with mental health needs or other disability or health needs.

The Council's employment priorities, as set out in the new Outline Strategic Plan, are set out in section 5 above. The service has been successful in securing £1.4m as part of a Growth Boroughs bid to the European Social Fund as part of a total of £8.5m secured across the boroughs. The funding will be match funded to create a £2.8mn programme targeting 1800 people and 500 job outcomes.

The projected increase in numbers of residents impacted by the benefit cap to over 1,800 will be a major challenge. The DHP tracking project will provide more data on what residents' needs and barriers are, such as language and skill support, confidence training and specialist support for residents with mental health conditions. As a result more focused projects may need to be developed, to provide affected residents with the intensive and appropriate support they will need to move into employment.

The changing national context for employment services may provide opportunities to better improve coordination and delivery for residents further from the labour market. Following the Autumn Statement, employment is one of the areas where there appears to be government commitment around devolution. Discussions are ongoing at a sub-regional, pan-London and national level about how central government funded employment services may be reconfigured to more effectively support employment outcomes in local areas. Whilst this work is still developmental and speculative, areas of focus currently include:

- Co-location of Jobcentre Plus and local authority services;
- The development of a new 'Work and Health' programme after current Work Programme and Work Choice contracts end [in April 2017], to provide specialist support for claimants with health conditions or disabilities and those unemployed for over 2 years. The intention is to have an initial outline of the new programme by March/April 2016, and to be commissioning by September of this year.

Finally, a frequently cited barrier to work is caring responsibilities and the need for childcare. The council is currently focused on delivering against the government's requirements for 15 hours of free childcare for disadvantaged 2 year olds and all 3 and 4 year olds. However, in addition to these services, flexible low cost childcare is required to provide more hours of childcare for two and three year olds, childcare for children over three and for those in school. Affordability is an issue: recent research for the Child Poverty Action Group has highlighted that childcare can cost 50% more in London than elsewhere in the UK, making it far harder for London parents to cover their costs by working longer hours. This has been exacerbated by the cap on support for childcare in tax credits and universal credit, which has not been raised for a decade. The cost of full-time childcare in London exceeds this cap.

Without appropriate support, families, especially single parents, will struggle to meet the work commitments required under the revised benefit structure. As the council reviews the borough's childcare offer, supporting parents into work, in addition to providing excellent early year's education, will be a key aim.

7.0 COMMENTS OF THE CHIEF FINANCE OFFICER

- 7.1 This report provides an update on the impact the government's welfare reform changes are having on Tower Hamlets residents and what the council is doing to support those hit hardest.

- 7.2 The report details the key support measures currently in place and these have been funded through council resources, government grants or a combination of the two.
- 7.3 The report also highlights the risk that there will be an increase in demand for these services as further changes are introduced from 2016/17 and at the same time funding for these schemes is diminishing. Any decisions to continue with the current schemes beyond 2016/17 will require additional resources to be committed and these would need to be approved through the council's budget setting process.

8.0 LEGAL COMMENTS

- 8.1 The Welfare Reform Act 2012 abolished Community Care Grants and Crisis Loans for living expenses. Instead a non-ring fenced grant is paid to local authorities, to enable them (under existing powers in the Local Government Act 2000) to provide new locally administered assistance to vulnerable groups. Budgeting Loans have been replaced by a new nationally-administered advance of benefit facility. Councils have been given the flexibility to re-design the emergency provision for vulnerable groups according to local circumstances in the way they think best.
- 8.2 Some of the significant duties that the Council will need to consider when taking decisions in respect of implementation of its policies are:

Homelessness Duty

- 8.3 The Council's statutory duties in respect of homelessness are primarily set out in the Housing Act 1996, including:
- Section 179: Duty to provide advisory services
 - Section 184: Duty to make enquiries in respect of eligibility and duties owed
 - Section 188: Interim duty to accommodate in cases of apparent priority need
 - Section 192: Duties to people found not to be in priority need and not homeless intentionally
 - Section 193: Duties to people found to be in priority need and not homeless intentionally
 - Section 195: Duties to those threatened with homelessness
- 8.4 The 2002 Homelessness Act also introduced a requirement on the Council to carry out a homelessness review and formulate and publish a strategy based on that review. The Council must take the strategy into account in the exercise of their housing and social services functions.
- 8.5 The purpose of the homelessness strategy is to prevent homelessness in the Council's area, secure that sufficient accommodation is and will be available in the area for people who are or may become homeless and provide support for such people or those who have been homeless and need support to prevent it recurring.

- 8.6 Section 153 of the Localism Act 2011 provides that the local authority must have regard to its current allocation scheme and current tenancy strategy when formulating the strategy. Before adopting or modifying a homelessness strategy the authority shall consult such public authorities, voluntary organisations and other persons as they consider appropriate. The outcomes of the consultation must conscientiously be taken into account when a decision is made.

Duty to children and families

- 8.7 Section 17 of the Children Act 1989 provides that the Local Authority has a general duty to safeguard and promote the welfare of children in need in their area. The duty is to provide an appropriate level and range of services for children in need. Assessments must be undertaken, and eligibility criteria can be used to determine provision of service. Services under section 17 may include cash and accommodation, either directly for the child in need, or for members of their family if this is for the benefit of the child. Section 17 further places a general duty on the Council to promote the upbringing of the child by their family.
- 8.8 Additionally, there is a duty under section 20(1) of the Children Act 1989, requiring the Council to provide accommodation for any child whose parents have been prevented from providing them with suitable accommodation. Please note that this is a duty to accommodate the homeless child, not their parents.

Duty to adults with disabilities

- 8.9 Currently, under Section 21 of the National Assistance Act 1948, the Council has a duty to provide residential accommodation for elderly and disabled people in its area who are in need of care and attention not otherwise available to them. The definition of 'disabled' includes those who suffer from mental disorder of any description. This provision safeguards people who require social care services which cannot be provided if they are homeless.
- 8.10 Please note that the current legislation will be replaced when the relevant sections of the Care Act 2014 come into effect in April 2015 and April 2016. Section 1 of the Care Act places a general duty on the Council when exercising its functions, to promote an individual's well-being relating to their physical and mental health, emotional well-being and personal dignity.
- 8.11 The Care Act 2014 replaces the existing duties and powers in respect of assessing and meeting an individual's eligible care needs. Section 8 provides that those eligible needs may be met in a number of ways, including accommodation in a care home. Section 23(1) of the Care Act states that a local authority may not meet these needs by doing anything which it or another local authority is required to do under the Housing Act 1996

Equalities Duty

8.12 When considering its approach to addressing the impacts of the welfare reforms, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who do not.

Legal Summary

8.13 The mitigating actions recommended in this report appear consistent with the duties set out above. It is important to note that in the event that any of the proposed mitigating actions involve grants being made, these decisions must be taken by the Commissioners pursuant to the directions made by the Secretary of State on 17 December 2014 pursuant to powers under sections 15(5) and 15(6) of the Local Government Act 1999 (the Directions). Paragraph 4(ii) and Annex B of the Directions together provide that, until 31 March 2017, the Council's functions in relation to grants will be exercised by appointed Commissioners, acting jointly or severally.

9.0 ONE TOWER HAMLETS CONSIDERATIONS

9.1 Welfare Reform changes will have significant impact on the most vulnerable residents of the borough especially those who are disabled, those who have large families and those who are furthest from the labour market. Our research suggests that lone parent families and BME families are particularly affected by the reforms. Equalities monitoring and analysis has prompted some of the actions set out in this report.

9.2 The refocus in approach towards employment may mean that some residents, especially those furthest from the labour market, including lone parents and disabled residents will require further support. The dedicated employment support work set out in section 7 will help to provide specific support to these groups.

10.0 BEST VALUE (BV) IMPLICATIONS

10.1 The recommendations in this report are made as part of the Overview & Scrutiny Committee's role in helping to secure continuous improvement for the council, as required under its Best Value duty.

11.0 SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

11.1 There are no direct environmental implications arising from the report or recommendations.

12.0 CRIME AND DISORDER REDUCTION IMPLICATIONS

12.1 There are no direct implications of crime and disorder as a result of the recommendations of this review.

Linked Reports, Appendices and Background Documents

Linked Report

- [List any linked reports, for example those that went to other Committees on the same issue]
- State NONE if none.

Appendices

- Appendix 1 – Implemented Welfare Reforms
- Appendix 2 – The Council’s Response
- Appendix 3 – Proposed Welfare Reforms
- Appendix 4 – The Council’s Proposed Future Response

Local Government Act, 1972 Section 100D (As amended)

List of “Background Papers” used in the preparation of this report

- NONE

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Appendix 1: Implemented Welfare Reforms

Timeline of the main changes:

April 2011	Local Housing Allowance Cap at the 30th percentile
	Staged increases in non-dependant deductions (reductions in housing benefit if additional adults living in the household)
April 2011 – March 2014	Migration of Incapacity Benefit claimants onto Employment Support Allowance via a reassessment process
May 2012	Single Parents with children over 5 (was at age 7) moved from Income Support to Job Seekers Allowance with requirements to actively seek employment
January 2013	Removal of Child Benefit for Households with one member earning over £50,000
April 2013	Social Sector Size Criteria (Commonly referred to as the “bedroom tax”)
	Cap of 1% yearly uprating on all benefits
	Reductions to tax credits
September 2013	Staged roll out of Benefit Cap (£500 a week for a family, £350 a week for a single person)
2015 – 2017	Phased introduction of Personal Independence Payment (PIP) to replace Disability Living Allowance (DLA) for adults.

The council’s latest analysis on the number of residents affected by each reform and the financial impact:

Local Housing Allowance Cap	<p>Accurate as of January 2016</p> <p>The average shortfall between LHA and the actual rent being charged by bedroom sizes:</p> <ul style="list-style-type: none"> • Shared - 379 claims – average shortfall £44.70 • One bedroom - 363 claims – average shortfall £37.74 • Two bedroom – 790 claims – average shortfall £43.74 • Three bedroom – 365 claims – average shortfall £35.38 • Four bedroom and above - 56 claims – average shortfall £32.45 <p>This is contributing to a rise in private sector evictions and a shortage of affordable temporary accommodation.</p>
Non-dependant deductions	<p>Accurate as of January 2015</p> <ul style="list-style-type: none"> • There are 4,495 active Housing Benefit claims where a non-dependant deduction applies. • The average reduction is £45.62 per household.

	<ul style="list-style-type: none"> • NB the range of individual deductions is from £14.15 to £91.15 (depending on income).
Employment Support Allowance (ESA)	<p>Following the introduction of ESA and its stricter testing regime (the Work Capability Assessment), the proportion of residents receiving incapacity-related benefits had been on a slight downward trend since 2008. However, more recently both claimants numbers, and rates, have been increasing again. Data for November 2014, show 12,730 residents are receiving ESA (or predecessor benefits) - 6.3 per cent of the working age population, up from 6.1 per cent the previous November. While the majority of the November 2014 caseload comprised ESA claimants (11,570), there were still around 1,160 residents in receipt of Incapacity Benefit (yet to be re-assessed for ESA).</p>
Social Sector Size Criteria (SSSC) (Commonly referred to as the "bedroom tax")	<p>Accurate as of January 2016</p> <p>Approximately 2,100 affected households.</p> <p>Weekly av. loss approx. £22.50</p>
Benefit Cap	<p>Accurate as of January 2016</p> <p>501 cases across all tenancies with an average weekly reduction in benefit of over £71.45 per week.</p> <p>Of these:</p> <p>186 households in temporary accommodation 166 are Registered Providers households 120 are private rented sector households 29 are THH households</p>

Appendix 2: The Council's Response

Information and Advice:	
Information and Communications	Ongoing information and publicity campaign through East End Life, the council's website and other partner agencies including the Financially Inclusive Tower Hamlets and Tower Hamlets Community Advice Network partnership to ensure those most immediately and heavily impacted by reforms are made aware of the changes and the support and advice provision on offer.
Face to face advice	Ten events throughout the borough, held during the Money Matters Month Campaign in November 2012 and additional one off events in 2013. These events reached over 800 residents to provide face to face advice and support from a range of advice agencies.
Staff Training	Ongoing training for frontline staff housing staff and voluntary sector support staff to ensure they were aware of the changes affecting families they may be working with, and could provide consistent messages and sign posting.
Financial Support:	
Discretionary Housing Payments (DHP):	Provides rent shortfall payments to those affected by the 'bedroom tax' and benefit cap, to help maintain tenancies and prevent homelessness. This is mainly funded by central government, who temporarily increased the funding available as the reforms were introduced. The council has also topped up the funding, specifically for homeless households. The 2015/16 DHP budget is approximately £2.7m.

Crisis and Support Grants:	<p>The scheme targets residents facing financial need in emergency situations. For example, having no money for daily living expenses, responding to a fire or flood, victims of crime, rehousing from care or homelessness.</p> <p>In 2013 the scheme was localised and has been directly funded by Central Government since then. Tower Hamlets was allocated £712k. In addition there was a £415k underspend on the 2014/15 scheme giving a total current year budget of £1.127m. However the provisional Local Government Funding Settlement suggests that funding will be discontinued for 2016/17.</p> <p>Over the first half of 2015-16, 1,209 grants were paid to residents, 36% of those who applied. The average grant payment was £274. There is a forecast underspend on the year of £260k which can be used to fund the scheme into 2016/17</p>
Council Tax Benefit Scheme:	<p>In effect from April 2013, the government localised the provision of Council Tax Benefit and reduced the funding by 10% per local authority, which equated to a £2.7m loss for Tower Hamlets in 2013/14.</p> <p>Tower Hamlets is one of the few councils (45 out of 326) to continue to provide the level of support available under the former Council Tax Benefit system.¹</p> <p>Had the council decided to pass on the reduction to those of working age in receipt of Council Tax Benefit, the estimated average annual financial cost to those on Full Council Tax Benefit would have been £157.90 (16,160 residents). The estimated average annual cost to those on Partial Council Tax Benefit would have been £264.09 (8,801 residents).</p>
<p><u>Employment and Skills Support :</u> The following provides details of those employment schemes specifically designed to support residents affected by welfare</p>	

¹ <http://counciltaxsupport.org/schemes>

<p>reforms. This is in addition to the council's existing employment programmes and Troubled Families initiative</p>	
<p>Targeted Support:</p>	<ul style="list-style-type: none"> • Co-location project with JCP and the Benefits Service: JCP employment adviser located in the benefits service. Agreed target of 7 DHP recipients a month to be moved into employment, this delivery is on target. • Skillsmatch and Housing Options focus on Benefit Cap Households: In November 2013 the Housing Options referred a list of 283 clients who were at high risk of losing their tenancy due to the benefit cap, to Skillsmatch. Skillsmatch were able to support some of the residents, those most job ready, into employment. • Children's Centres Employment Support: Have JCP outreach support embedded in the service. The service provides signposting as well as delivery of training and employment and volunteering support for parents of under 5s. The service is focussing on providing support for families affected by the benefit cap, most of whom have children. • Parental Engagement / Economic Development initiative: This is a small pilot skills training and employment support project which is targeted at DHP recipients who are interested in careers in schools, childcare and other settings that offer flexible working hours. Parents undertake a basic skills course and can move onto a Level 2 qualification if appropriate. Once the course is completed they will be offered employment support, including opportunities of volunteer placements in schools and other settings with the prospect of paid employment, on London Living Wage, if the placements are successful. 18 women have been recruited for the first tranches, between April and September 2015. However their current low level of skills has meant that to date none of the participants have been able to access placements or employment. • Limehouse Project and Account 3 initiative with Tower Hamlets Homes residents: Targeted employment support for Tower Hamlets Homes residents affected by a range of welfare reforms, including the benefit cap and non-dependant deductions.
<p>Tracking and Integrating Support for Residents in receipt of Discretionary</p>	<p>The purpose of DHP is to provide short term financial support to bridge the gap between rents and income. In recognition of this the benefits service started to ask those requesting DHP to provide proof that they were seeking employment (if impacted by the benefit cap) or looking to downsize (if impacted by the 'bedroom tax'). This would be used as part of the decision around granting DHP, but would not fetter the council's discretion.</p> <p>To support this work, a project has been established to develop a coordinated and integrated approach to</p>

<p>Housing Payment (DHP):</p>	<p>identify and track residents affected by the benefit cap and ensure that they receive the necessary advice and support to enable them access employment.</p> <p>This project involves the Housing Benefit service, Skillsmatch, Troubled Families Service, Parenting Support Service, Housing Options and Children’s Centres.</p> <p>The services involved provide monthly monitoring information on which DHP recipients they are supporting into work and progress made. The project team helps to case manage those cases which aren’t receiving support or progressing. This will reduce duplication, highlight residents not receiving any support, those not engaging and those not progressing towards employment. It will also highlight gaps in support provision.</p> <p>The first comprehensive information collection, which took place in August 2015, highlighted that of the 605 benefit cap DHP recipients:</p> <ul style="list-style-type: none"> • 75% are engaged with a service involved in the pilot, but 77% of those engaged are engaged with Housing Options, not a dedicated employment or skills support service. • 58% have a child under 5, of which 40% are engaging with a Children’s Centre (21% of the total benefit cap DHP recipients). Of those engaging with a Children’s Centre, 6% are engaged with the Children Centres’ employment support. • The major barriers to employment are caring responsibilities, health and disability and language barriers.
<p>Developing an Integrated Employment Support Services Framework:</p>	<p>Progress to date has focussed on the following key areas:</p> <ul style="list-style-type: none"> • Developing a Common Initial Assessment (triage tool) of client support needs and barriers to employment • Mapping provision of support services and identifying gaps in provision in order to improve effective referrals • Improving information sharing and referral protocols between agencies working with vulnerable residents impacted by welfare reforms, including residents experiencing mental health problems • The Employment and Skills Practitioners Network was established in February 2015 to increase knowledge and engagement of relevant partner services and promote effective information sharing

	<ul style="list-style-type: none"> Promoting Interagency Work, including work with JCP to integrate financial and digital capability assessment questions at JSA claim stage, and then refer to 1:1 support and workshops <p>The work on improving the co-ordination and integration of support services is progressing as part of the proposals for an Integrated Employment Support Service (a single framework for the delivery of employment services). This aims to create a more transparent and accessible set of services from a resident's point of view, improve referral routes, reduce duplication and understand and meet gaps.</p>
Resilience Support	
Digital Inclusion Support:	<p>The requirement to undertake and manage Universal Credit claims online as well as apply for jobs online (as required of JSA recipients) were the main drivers for the development of the Digital inclusion Strategy and Action Plan. The Strategy and Action Plan were focussed on overcoming the three elements of exclusion: Access, Skills and Motivation. Under this strategy we have:</p> <ul style="list-style-type: none"> Initiated the procurement of free WIFI in public spaces in the borough Encouraged all agencies to embed digital inclusion within their assessment process Working with Idea Stores, housing and voluntary sector providers to identify how best we can meet demand for taught courses, drop in sessions and 1:1 support will be available Delivered 3 successful Get Online campaigns with events throughout the borough
Financial Inclusion:	<p>Through the Financial Inclusion Strategy 2013 – 16 and the Financially Inclusive Tower Hamlets Partnership the council and third sector partners have undertaken a range of actions, including:</p> <ul style="list-style-type: none"> Trained over 200 community Money Mentors to act as advocates/peer mentors in their community Provided 1:1 support on budgeting and moment management to over 300 residents Created new specialist debt and money advice in the East and West of the borough, through a Toynbee Hall and Island Advice Partnership Project Promoted awareness of the cost of borrowing and access to alternative low cost credit through the credit union. Launched the FITH website: www.fith.org.uk which provides an online resource for residents and providers

Appendix 3: Proposed Welfare Reforms

Timeline of the main changes:

Ongoing	Freezing working age benefits for four years until April 2020. Includes Local Housing Allowance rates and tax credits but excludes disability and pensioner benefits and maternity allowance, statutory maternity pay, statutory paternity pay, statutory adoption pay and statutory sick pay.
April 2016	New National Living Wage for all workers aged 25 and over. (Starting at £7.20 an hour, set to increase to £9 by 2020)
	Parents (including single parents) whose youngest child is aged 3 or older (previous reform made this 5) will be expected to look for work if claiming Universal Credit.
	Tax Credits proposals have been dropped but reductions remain as planned within Universal Credit
	Housing Benefit family premium will be withdrawn for new claims and existing claims where first child is born on or after 1st April 2015
	Minimum wage earners working 30 hours a week will be exempted from income tax . (NB Unclear how this will interact with new minimum wage). In addition – Income Tax is deducted from earnings in the assessment of Housing Benefit. Research conducted by the Institute for Fiscal Studies suggests that increasing the tax threshold will not benefit the poorest the most: 43% of adults already do not earn enough to pay tax. For those that do, but also receive benefits - all working benefits are assessed post-tax meaning any income gains will be offset by corresponding reductions in benefit entitlements. Individuals on Universal Credit will, on average, gain 35% of the financial benefit of the reduced tax burden whereas those earning more, and not in receipt of benefits, will receive 100% of the benefit.
	Backdating of Housing Benefit limited to 4 weeks. (Currently 26 weeks for non-pensioners and 12 weeks for pensioners)
Autumn 2016	Roll out of the reduced Benefit Cap (23,000 for families in London, £15,410 for single people in London, £20,000 for families outside of London, £13,400 for single people outside on London)
April 2017	Universal Credit restricted to first 2 children . For new and existing claims with third or subsequent child born on or after 1st April 2017.

	Family Element in Universal Credit (first child premium) abolished. Where first child is born on or after 1st April 2017
	Automatic entitlement to housing support for new claims in Universal Credit from 18-21 year olds who are out of work will be removed.
April 2018	Local Housing Allowance cap to be applied in the Housing Benefit assessment for Social Sector tenants. 'Affordable Rents' that are set at 80% of market rent are likely to be above the LHA rates, it is probable that tenants of affordable rent tenancies entered into after 1 April 2016 will have their HB capped from April 2018
TBC	Replace Job Seekers Allowance for those under 21 with a Youth Obligation/Allowance time-limited to six months. Paid at the same rate of the existing JSA rate for 18-21 year olds (£57.35 per week), the scheme would require claimants to participate in an intensive regime of support and after six months will be expected to apply for an apprenticeship, gain work based skills or go on a mandatory work placement.

Using currently available policy details and population and benefit data, the following initial impact analysis has been produced. Please note, this is extremely preliminary, and further analysis will be undertaken to provide a clearer picture of impact locally.

Reduction in Benefit Cap	<p>Tower Hamlets currently has approximately 501 households impacted by the benefit cap, with an average reduction in entitlement in excess of £70 per week/£3,500 p.a.</p> <p>A number of households, currently in receipt of benefits between £23,000 and £26,000, will also be affected by the Government's proposed reduction in the Benefit Cap. Current estimates suggest that as many as 1,396 additional cases across all tenancies with an average weekly reduction in benefit of £72.00 per week.</p> <p>Of these, there could be 771 cases in social tenancies (THH and RSLs) with an average weekly reduction in benefit of £66.53.</p> <p>The new £15,410 single person Benefit Cap could create an additional 502 cases across all tenancies with an average weekly reduction in benefit of £43.57.</p> <p>Of these there could be 51 cases in social tenancies (THH and RSLs) with an average weekly reduction in benefit of £32.76.</p>
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	<p>As of January 2016, 186 families affected by the benefit cap are homeless and living in temporary accommodation. As the reduction in benefit is from housing benefit, this will impact on the affordability of their current accommodation – placing further pressure on discretionary housing payments. The reduction in housing benefit will also place stress on currently permanently housed housing benefit households – potentially increasing arrears and homelessness applications.</p> <p>The impact of the reduced cap will increase the need for out of borough temporary accommodation (NB when housing residents outside of London, these households will also be subject to the £20,000 out of London Cap) and potential use the private rented sector to discharge the council’s homeless duty. In addition, there will be a need to identify rent-bridging resources where moving is delayed or inappropriate. This will place more pressure on the council’s DHP provision.</p>
<p>Youth Obligation / Allowance</p>	<p>Approximately 25% of claimants in the borough currently in receipt of the Job Seekers Allowance are aged between 18 and 25. There currently is no data available on the number of claimants who are aged between 18 and 21 who would be affected by the change. Research undertaken by the Corporate Research Unit (CRU) highlighted that 18 – 24 year olds have already been disproportionately impacted by benefit sanctions.</p> <p>In 2014/15, 4% of 16 – 19 year olds were classified as NEETS, of which approximately 75% were 18 or 19 year olds. Whilst slightly higher than the London average, the figure is significantly lower than the neighbouring boroughs’ average. The majority found work within 6 months.</p>
<p>Freezing working age benefits for four years until April 2020.</p>	<p>The IFS estimate that this will mean: a 4.8 per cent real cut in income given latest OBR forecasts for Inflation (CPI), and that on average, families will lose £260 a year as a result (those in work, will lose £280 a year on average).</p>

Appendix 4: The Council's Proposed Future Response

Information and Advice:	
Information and Communications	Develop a communications campaign to inform residents of the new changes and where they can receive support. This will need to include clear explanatory messages about the new changes as the reforms will impact in complex and specific ways for different individuals.
Face to face advice	Develop another series of Welfare Benefit Drop in Sessions, across the borough to publicise the impact of reforms, signpost residents and advise those affected where possible. Identify families likely to be impacted by the new lower benefit cap and contact them individually using letters and targeted visits
Staff Training	Targeted sessions for specific teams – Housing Options, One Stop Shops, THH, Children's Centres Sessions for voluntary sector agencies
Financial Support:	
Discretionary Housing Payments (DHP):	Central government continues to provide Discretionary Housing Payment funding, however funding has declined in recent years. The government, in the July 2015 budget, agreed £800m DHP funding over the next 5 years nationally. Tower Hamlets is to receive a DHP allocation of £1.833m in 2016/17, which is an increase of approximately £300k. However, total DHP spend during 2013-14 was £2.96m and demand is likely to increase with the implementation of a lower benefit cap. This is outlined in section 6.1.
Crisis and Support Grants:	The scheme is continuing in this financial year 2015/16. A series of options have been developed for the future of the service and the aim is to present these to Cabinet for consideration. This is outlined in section 6.2.
Council Tax Benefit (Reductions Scheme)	The local Council Tax Reduction scheme is proposed to continue for 2016/17.
Employment Support :	
The following provides details of those employment schemes specifically designed to support residents affected by welfare reforms. This is in addition to the council's existing employment programmes	
Targeted Support:	There are a range of established employment projects and services which will continue working to engage and support residents affected by the benefit cap into relevant skills, training and employment support (more information in section 5). These include: <ul style="list-style-type: none"> • Co-location project with JCP and the Benefits Service • Children's Centres Employment Support • Economic Development's pilot project with Parental Engagement for DHP residents – however the model will be adapted to support a larger caseload and provide a dedicated caseworker to identify barriers and co-ordinate the provision of services required.

	<ul style="list-style-type: none"> • Limehouse Project and Account 3 initiative with Tower Hamlets Homes residents <p>In addition the Raising Aspiration project will move from delivering employment support in East India and Lansbury Ward and will be borough wide.</p> <p>All of these initiatives focus on providing support for those furthest from the labour market and in need of a high level of individual support to enter employment.</p>
Support for Residents in receipt of Discretionary Housing Payment (DHP):	<p>This project will continue and be developed through continuing to monitor the progress towards employment made by residents in receipt of DHP and undertaking case management to ensure users receive appropriate support. There is a focus on increasing the number of services involved in the pilot, monitoring the need for specific support services for DHP recipients moving into employment and developing options for further targeted support to meet identified gaps.</p>
Developing an Integrated Employment Support Services Framework:	<p>This will be further developed by expanding the current partnership working around an integrated triage, referral and monitoring system for support services.</p>
Resilience Support	
Digital Inclusion Support:	<p>Through the Digital Inclusion Strategy and Action Plan the following actions will be undertaken:</p> <ul style="list-style-type: none"> • Developing a Digital Buddying Scheme to provide 1:1 support to residents • Increasing the number of UK online centres in the borough • Working with housing providers to provide free wifi on housing estates • Improving the council's online offer, including around applying for benefits
Financial Inclusion:	<p>Through the Financially Inclusive Tower Hamlets (FITH) partnership local voluntary sector providers will continue to:</p> <ul style="list-style-type: none"> • Train community Money Mentors to act as advocates/peer mentors in their community • Deliver Made of Money workshops to parents in schools and community centres • Promote awareness of money management tools and support and access to alternative low cost credit • Provide 1:1 support on budgeting and money management • Refer residents in need of specialist debt and money advice support to the local specialist MSG funded advice agencies
Strategic Response	
<p>In addition to providing immediate and direct support to residents, the following strategic responses will also reflect the local impact of welfare reform and propose longer term solutions.</p>	
Housing:	<p>Affordability commission will address issues of housing affordability, including in relation to changes to the welfare system.</p> <p>Updated Housing statements and Housing Strategy: Including the Homelessness Statement, Overcrowding and Under occupation Statement and the Tenancy Strategy, all of which will need reflect the council's response to welfare reform</p>
Employment	<p>Refreshed Employment and Enterprise Strategy to include the need to</p>

:	enhance our support to residents furthest from employment and in work poverty, as prompted by the emerging impact of the reforms.
Childcare:	Incorporate the importance of the link between childcare and employment, especially in the context of welfare reform, into the Early Years Review.