

## **Welfare Reform Update**

### **Purpose of report**

For discussion.

### **Summary**

This report updates Members on the latest welfare reform developments, on issues including: local welfare assistance; housing; Universal Credit; local impacts intelligence; and out of area placement.

### **Recommendation**

That the Finance Panel note progress and offer any further steer on the issues covered.

### **Action**

Officers to take forward in line with Members' direction.

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## **Welfare Reform Update**

### **Local welfare assistance**

1. The LGA is seeking urgent clarification from the Government following the apparent ending of the £347 million Local Welfare Assistance Grant for 2015-16 in the local government finance settlement. There is considerable concern that ending this grant in 2015-16 will put further pressure on councils already stretched budgets and could significantly impact upon their ability to support the most vulnerable people in need of emergency financial assistance. The Government had promised to review the grant before coming to future decisions.

### **Housing**

#### Discretionary Housing Payments (DHP)

2. The Chancellor announced in the Autumn Statement that the Government will increase Discretionary Housing Payments (DHP) by £40 million in both 2014-15 and 2015-16. Additional funding for DHP over 2014-16 is helpful and shows that the Government has listened to the LGA's arguments that the current DHP allocation is not sufficient and does not reflect changing geographical need.
3. Our arguments on distribution and prioritisation have been further strengthened by the results from an LGA survey, which show that 9 out of 10 responding councils said that DHP applications had increased greatly between April 2013 and November 2013. The vast majority of responding councils (88%) are prioritising DHP to prevent homelessness. The survey also showed that the main driver of demand for DHP is the social sector size criteria. This feeds into the LGA's arguments for the total lifting of the housing borrowing cap, so that there are affordable and appropriately sized homes for people affected by the reforms to move to.
4. Recent media reports about councils under-spending DHP are misleading because they fail to take into account the phased implementation of the reforms and the time lag between a person being impacted by welfare reform and turning to the council for help. Councils have sensibly planned DHP allocations to manage demand throughout the year.
5. The real issue is that the allocation formula does not reflect the totality of housing impacts. This leads to some areas facing larger impacts than others. As a result there is wide variation in how far DHPs will meet the 'residual' losses in local areas, after mitigations are taken into account. We urgently need Government to review DHPs to ensure that the funding is sufficient and is allocated fairly so that it better mirrors local need.

### Social Sector Size Criteria

6. It has come to light that due to housing regulations dating back to 1996, a number of working age tenants were incorrectly assessed as being affected by the social size criteria, and therefore have mistakenly had their Housing Benefit reduced due to under occupancy. The people affected have been in receipt of Housing Benefit for the same home since 1 January 1996 with no longer than a 4 week break.
7. The Department for Work and Pensions (DWP) estimates that 5,000 people are affected and has asked councils to identify them so that Housing Benefit can be refunded and people reassessed once the legislation has been amended. This is challenging because 1996 pre-dates electronic record keeping systems in most places and it is likely to take some considerable time to investigate and settle cases. We are pressing DWP to share the methodology they used to estimate the number of people affected as early indications from councils suggest the actual number may be higher.
8. The LGA has highlighted the importance of ensuring that councils are not left out of pocket as a result of Government error. Some of the people affected will have claimed DHP from their council. Councils are also spending a considerable amount of time identifying and tracking down people affected. We are arguing that this should trigger the New Burdens process so that councils are compensated for the costs incurred.
9. Lord Freud has said that the regulations will be amended by the end of March 2014.

### **Universal Credit (UC) Update**

#### UC programme progress

10. On the 5 December 2013, the Secretary of State for Work and Pensions announced the next phase of UC. The pathfinder programme is to be further expanded so that this summer claims will progressively be taken from couples and in the autumn from families. Once safely tested in the 10 live UC areas, the roll out will be expanded to cover more of the Northwest of England. The DWP have asked to work with the LGA to ensure effective communication with the councils in the Northwest of England. The DWP hope that this next phase of the programme will further enable them to learn from the live running of UC at scale and for more claimant types, including the more vulnerable and complex.

#### Local Support Services Update and Trialling Plan

11. The Local Support Services Update and Trialling Plan were launched on the 6 December 2013. The DWP are currently working on the detail behind how the plan will be implemented. Local authorities will be invited to take part in trialling the key areas outlined within the plan. The LGA will be working closely with the DWP to determine which/how councils will be involved in trialling. In order to maintain momentum around LSSF Lord Freud will be hosting a webinar on 28 January for all councils. This will be followed up with a series of road shows starting with one in London on 10 February where further detail about trialling and testing will be available. The next road show will be in Manchester on 6 March.

### Pilots

12. The LA Face to Face pilots are now set to come to an end. On the 13 January all pilots made final presentations to Lord Freud around their key areas of learning. The LGA will continue to support the pilots by running a learning network for them. Some of the pilots have been supported by the LGA to make further bids for European Social Fund monies. It is likely that the remaining pilots will put themselves forward for different elements of the trialling work.

### **Local Impacts Intelligence**

13. The LGA is commissioning a piece of work which builds on the research we commissioned from the Centre for Economic and Social Inclusion (CESI) on the local impact of welfare reform, with the first phase due for completed by the end of March 2014. This piece of research will be able to draw on the work that councils and their partners have already done to implement and pilot some of the reforms, as well as work that they are doing to prepare for future implementation, in particular UC.

14. Key areas for this work to focus around are:

- 14.1. Housing. How councils and housing partners have supported those impacted by the key housing benefit reforms; how they may address the under-supply of affordable housing and appropriately sized stock in the future; and how they are supporting claimants with their housing costs.
- 14.2. Employment. Key role councils and their partners can – and could - play in getting people back in to work.
- 14.3. Stability/resilience. Work readiness and support for low income working families.
- 14.4. Supporting people with additional needs. The breadth of the LSSF and the partnership needed to deliver it.

15. We propose that the research project has three key strands:

- 15.1. Further development of the CESI modelling tool on local impacts to refresh / review the available data it draws on and to integrate it with LGInform.
- 15.2. Development of a tool (again ideally hosted on LGInform) that enables councils to record, share and benchmark progress on implementing change and mitigating some of the key impacts.
- 15.3. Development of a range of narrative case studies that share learning on effective and innovative local practice.

16. This piece of work can draw on the learning which has now been amassed by the below as well as national implementation of the benefit cap, local welfare schemes and the under-occupancy penalty:

- 16.1. Face to face pilots.
- 16.2. Pathfinder sites.
- 16.3. Direct payment projects.

#### **Out of area placement**

17. London Councils have produced a guide (attached at **Appendix A**) for London boroughs on the placement of homeless households outside London. The principal aim of the note is to encourage co-operation, transparency and effective working between officers in different authorities with the objective of assisting households that may need to move away from their home borough, and also to share information with the local authority area a household might be moving into.

## APPENDIX A

### **Advice Note on the placement of homeless households outside of London**

This advice note is for London borough officers considering the issue of the placement of households outside of London. It sets out an approach that, collectively, housing directors and chief executives are keen to encourage amongst all boroughs. It represents an aspiration that, as far as is reasonably practicable, there is open and transparent information sharing between officers in different authorities when homeless households are placed out of London.

It is specifically concerned with the placement of households, who may be homeless or potentially homeless and placed in temporary accommodation or discharged into permanent accommodation outside of London. This advice note only relates to households who move from one area into another with the knowledge of the local authority from which they are leaving. Households who migrate from London on a voluntary basis or as part of a referral from a voluntary agency are not the subject of this note.

The principal aim of this advice note is to encourage co-operation, transparency and effective working between officers in different authorities with the objective of assisting households that may need to move away from their home borough, but also to share information with the local authority responsible for the area where a household might be moving into.

Officers will generally seek to place households requiring accommodation into properties that are as close as possible to their own borough, although this will be dependent on the cost, timeliness and overall availability of suitable accommodation.

The matters officers are required to take into account when placing households outside of London are set out in the Homelessness (Suitability of Accommodation) (England) Order 2012, attached at appendix A.

When a placement cannot be made within a reasonable proximity to the home borough and a household includes either vulnerable children, or vulnerable adults, guidance should be sought from the London Child Protection Procedures<sup>1</sup> and the Guidance for Out-of-area Safeguarding Adults arrangements<sup>2</sup> (see below for links to these documents). These are pan London procedures which promote, as far as is practicable, a common approach across London. It is the spirit of this pan London approach that has informed this note.

This advice will be relevant to all London borough homeless placements made outside of London, with the objective as far as is reasonably practicable of:

- (a) achieving a more consistent approach to the manner in which households are placed in accommodation outside of London

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<sup>1</sup> <http://www.londoncp.co.uk/>

<sup>2</sup> [http://www.adass.org.uk/images/stories/Policy%20Networks/Safeguarding\\_Adults/Key\\_Documents/ADASS\\_GuidanceInterAuthoritySafeguardingArrangementsDec12.pdf](http://www.adass.org.uk/images/stories/Policy%20Networks/Safeguarding_Adults/Key_Documents/ADASS_GuidanceInterAuthoritySafeguardingArrangementsDec12.pdf)

- (b) encouraging and enabling local authorities to enter into collective procurement agreements in a planned and transparent way
- (c) demonstrating that local authorities are being proactive in their approach to this issue and taking positive steps to ensure that where it is necessary to place families outside of London, this is done in a planned and co-ordinated way
- (d) ensuring that the accommodation procured outside of London is affordable, suitable and of a good standard, and is procured in a way that does not inflate rents.

This advice may be updated in the future. It should be viewed as representing practical help of what officers should aspire to in terms of this issue. It will always be dependent on the circumstances of individual households and the availability of appropriate, affordable housing in a locality.

## **Advice on the placement of homeless households outside of London**

### **Introduction**

1. London borough officers will seek to place homeless households in accommodation as near as possible to a household's home borough where reasonably practicable. However, when a London borough is unable to secure suitable accommodation within the borough or in London, the local authority will offer accommodation outside of the home borough.
2. A decision to place a homeless household outside of London will only be taken following careful consideration by the host London borough, which will be informed by the individual circumstances of the household as well as an assessment of the availability of appropriate affordable accommodation within the vicinity. The placement decision will be informed by the Homelessness (Suitability of Accommodation) (England) Order 2012 (attached at Appendix A) which provides guidance on some of the factors which must be taken into account with respect to the placement of households in temporary accommodation.
3. This advice note focusses on three key aspects concerning the placement of homeless households outside of London:
  - (a) **notification arrangements** - the placing authority should, as far as is reasonably possible, advise the receiving authority of all accommodation placements
  - (b) **paying a fair rent** – the placing borough should, as far as is practical, ensure that the rent paid on accommodation takes reasonable account of what the receiving authority could pay and is not at a level that is likely to encourage unduly the inflation of local rent levels

- (c) **treatment of vulnerable families** – the placing borough will, as far as practically possible, avoid placing families containing vulnerable children outside of London.

#### **Notification arrangements**

4. London boroughs will aim to ensure that information concerning details of placements in temporary accommodation and private rented accommodation outside London is shared as far as possible in a fair and timely manner with the relevant councils in areas where families are moving to.
5. The receiving authority will notify the placing authority of any notices they have served on the property identified for temporary accommodation or private rented accommodation. The receiving authority would also notify the placing authority of action they may have taken against a landlord.
6. The borough placing the household will aim to contact the relevant out of London receiving authorities before the placement is made and, depending on availability of data and the circumstances of the individual household, share with them the following types of information:
  - (a) date of the placement
  - (b) name of the household
  - (c) number of people in the household (including the names and dates of birth of all children in the household)
  - (d) property address (including postcode)
  - (e) number of bedrooms in the property
  - (f) name of the landlord or housing supplier
  - (g) nightly / weekly rent payable
  - (h) details of any financial incentive paid to the landlord or supplier
  - (i) tenure of the accommodation – either temporary accommodation or Assured Shorthold Tenancy (AST).

#### **Paying a fair rent**

7. London boroughs seeking to place households outside of London should familiarise themselves with local markets and the rents paid for particular types of properties within the areas in which they wish to procure.
8. In order to try and avoid the possibility of contributing to rent inflation, London boroughs will, as far as is practicable, take into account local market rents and seek to agree rent levels with landlords that do not exceed the rent levels the receiving authority would ideally be prepared to pay for similar accommodation.

#### **Treatment of vulnerable households**

9. London boroughs will avoid, where reasonably possible, placing the most vulnerable households in accommodation outside of London. Boroughs will ensure the safety and protection of vulnerable adults and children will be given careful consideration, taking into account the existing protocols and procedures that govern the management of these issues.



### **Supporting vulnerable children**

10. When households containing vulnerable children move from one London borough to another, guidance is sought from the London Child Protection Procedures (5<sup>th</sup> edition 2013). This should inform the movement of any households containing vulnerable children to authorities outside of London.
11. The London Child Protection Procedures (2013) provides guidance with respect to information sharing and is included in paragraph 6 of the Procedures (Children and Families moving across Local Authority boundaries), where it advises that agencies should maintain contact with children and families who move frequently. The procedures cover a number of areas including the following:
  - (a) identifying children at risk of harm
  - (b) information sharing
  - (c) case responsibility
  - (d) retention of child protection responsibilities by the originating authority
  - (e) children and families moving during S47 enquiries
  - (f) inter-borough arrangements for child protection enquiries.

### **Supporting vulnerable adults**

12. With respect to the treatment of vulnerable adults moving from one London borough to another, the national Out-of-area Safeguarding Adults Programme agreed by the Directors of Adult Social Services (ADASS) in December 2012 should be the reference point. As this is a national protocol, it should inform the handling of issues around vulnerable adults placed within homeless families being placed outside of London. The protocol is featured on the ADASS website.

### **ADVICE NOTE, APPENDIX**

When London boroughs place homeless households outside of London, due regard will be paid to the location of the accommodation contained in Regulation 2 of the Homelessness (Suitability of Accommodation) (England) Order 2012. The relevant extract is below<sup>1</sup>. It should be noted that Regulation 3 sets out circumstances relating to condition and safety in which accommodation is to be regarded as not being suitable.

#### **Extract from the Homelessness (Suitability of Accommodation) England Order 2012 - Regulation 2**

Matters to be taken into account in determining whether accommodation outside of an applicant's home borough is suitable for a household.

2. In determining whether accommodation is suitable for a person, the local housing authority must take into account the location of the accommodation, including:
  - (a) where the accommodation is situated outside of the district of the local housing authority, the distance of the accommodation from the district of the authority

- (b) the significance of any disruption which may be caused by the location of the accommodation to the employment, caring responsibilities or education of the person or members of the person's household; the proximity
- (c) the proximity and accessibility of the accommodation to medical facilities and other support which:
  - (i) are currently used by or provided to the person or members of the Persons' household
  - (ii) are essential in the well-being of the person or members of the Person's household
  - (iii) the proximity and accessibility of the accommodation to local Services, amenities and transport.

end

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<sup>i</sup> The full version is found in [http://www.legislation.gov.uk/ukxi/2012/2601/pdfs/ukxi\\_20122601\\_en.pdf](http://www.legislation.gov.uk/ukxi/2012/2601/pdfs/ukxi_20122601_en.pdf)