



ADUR & WORTHING COUNCILS

Joint Strategic Committee
10 April 2018
Agenda Item 6

Key Decision: No

Ward(s) Affected: All

Supporting our Communities - Welfare Reform and Financial Inclusion

Report by the Director for Communities

Executive Summary

1. Purpose

- 1.1 Within Platforms for our Places, the three year Strategy adopted by the Councils in 2016, we commit to targeting our services appropriately, supporting the most vulnerable in our places and enabling resilience within our communities. Our ambitions are to create the opportunities, 'Platforms', for individual and families to thrive.
- 1.2 This report outlines how the Councils are responding to and preparing our people and our communities for, continuing Welfare Reform, in order to best support and enable resilient communities. As part of our approach we see the Councils' role as both provider of services but also creator of opportunities for our communities to improve their skills across a range of areas such as; financial management, digital inclusion and skills whilst also supporting those in need to access affordable credit.
- 1.3 Ultimately it is our goal to improve the long term outcomes for the many, whilst ensuring a safety net is in place for the most vulnerable.

2. Recommendations

- 2.1 Recommendation One - to note the contents of the report
- 2.2 Recommendation Two - Approves the investment of an additional £25k via the purchase of deferred shares by Worthing Borough Council in Boom Credit Union which is to be added to the capital programme and funded by a

revenue contribution as outlined in paragraph 7.3.

- 2.3 Recommendation three - Recommend to Worthing Borough Council to approve the amendment of the Annual Investment Policy and Strategy document to allow the investment in the Credit Union to be increased to £50,000

3. Context

- 3.1 In January 2017, the Joint Strategic Committee received a report outlining the position and potential impacts of welfare reform at that time. The key focus for the immediate future, was the roll out of full service Universal Credit (UC) across Adur and Worthing and members wish to understand the potential impact for our communities given reports regarding: access to funds at the start of a claim; rent payments and potential arrears; landlord perceptions and potential evictions; as well as wider issues of financial and digital inclusion for some parts of our communities.
- 3.2 The 2017 Autumn Budget announced some significant changes to how the benefit would be administered that address many of the issues and concerns that had been raised in relation to full service UC, these changes included :
- From February 2018, UC will be payable to new applicants from day 1- previously claimants were only eligible from day 8.
 - From April 2018, applicants will be entitled to Housing Benefit for a transitional 2 weeks at the start of their claim.
 - From January 2018, an advance of up to 100% of expected benefit will be payable and stretching of the repayment over 12 months will be possible.
 - From the spring 2018 (date tbc) it should become possible to apply for grants online.
 - From April 2018, claimants in temporary accommodation will continue to be on Housing Benefit.
 - Managed payments to private landlords can now apply from day 1
 - The full roll-out of UC has been adjusted and some dates have been put back. This applied to Worthing which will now roll onto full service UC in July 2018.
- 3.2 Adur and Worthing Councils have continued to provide leadership in our local systems, working with partners from across the voluntary, business and statutory sectors to support our most vulnerable communities. This report outlines more information about that work, and requests that the Committee

agree to further investment in our local Credit Union to support ongoing financial inclusion measures.

4. Issues for consideration

- 4.1 The Councils have taken a lead locally and established a 'Welfare Reform Partnership' that meets quarterly. The membership of this partnership is wide ranging and includes amongst others:
- The Department for Work and Pensions (DWP)
 - Citizen's Advice
 - Registered Housing providers including, Worthing Homes, Southdowns, Clarion, Hyde and YMCA
 - Supported accommodation providers inc Worthing Churches Homelessness Project
 - West Sussex County Council
 - Adur and Worthing representatives from Housing, Wellbeing, Revenues and Benefits and Customer services teams.
- 4.2 The benefits of this multi agency working are significant. In particular the ability to share information, updates and data around the changing landscape of welfare reform and deliver a range of activities as outlined below.
- 4.3 *Providing our Communities with clear information* - Adur and Worthing Councils have led the initiative to deliver targeted, easy to understand information about these changes. We have developed a new UC page on our website; delivered a social media campaign most recently we have produced this animated video to help customers access information and help where needed. Please share widely. https://youtu.be/OErl_WazYC8



- 4.4 *Digital Inclusion & Early identification of support needs - enabling our communities to make a claim* - We know that digital skills prepare people for work-readiness, improve their employment prospects and encourage unemployed people to look for work. Yet nearly 30% of unemployed people

are currently lacking digital skills, meaning that those who stand to benefit the most are still missing out. Working with the DWP we have set up a IT Junction (part of our digital Inclusion programme) located at the Job Centre in Worthing and we are in the process of providing DWP assisted Digital Support Benefit (ASD). This provides support for new Universal Credit claimants to manage their claim online

4.5 *Maximising Income and Budgeting support* 16.2m people in the UK are described as having low financial capability, of which 3.1m also have low digital capability. We are addressing this through our digital Inclusion programme as described above and the Councils are also innovating across our Housing, Wellbeing and Revenues and Benefits services, to support our vulnerable residents to get the help they need.

4.6 Across these three areas we are providing a range of services through a variety of channels:

- Our Wellbeing teams have accessed funding to train some of our Digital Champions to be Money Mentors. The Mentors offer a weekly 1 hour appointment for 6 weeks with some great results:
- The Revenues & Benefits Service is continuing to work in partnership with Citizens Advice and our Money Mentors services to also support to residents in respect of enabling support when they are in Council Tax arrears or are a resident making a new claim for UC.
- Two dedicated workers will provide support to maximise Benefit income for residents within our Housing and Revenues and Benefits teams and also offer support and advice in respect of the recovery of Council Tax arrears and Housing Benefit overpayments.

4.7 Specific support is offered through financial surgeries and one to one sessions

that; assess income and expenditure and the individual or family's ability to afford different rents. We can assist with UC applications and support customers to review their eligibility for benefits and other payments such as Discretionary Housing Payments. Our staff and volunteers will liaise with other partners and support our communities to learn new skills to provide them with the capability going forward to self manage and maintain long term resilience.

4.8 Case Study

Mr C is in his forties. He was very depressed and anxious as he was at risk of homelessness as his existing benefits did not cover all of his bills. He was also finding it hard to attend his keep his appointments with People Plus (his

allocated work programme provider) due to his many health conditions.

The Money Mentor service helped Mr C to check his benefit entitlement given his health needs and he was advised to apply for additional benefits such as Personal Independent Payment for those with ongoing health issues, which he is now in receipt of. The Money Mentor also supported Mr C to prioritise his bills e.g his rent and council tax. By the end of his 6 sessions he was able to manage his income effectively and his anxiety around becoming homeless was dramatically reduced to the extent that he was able to book onto courses with the Sussex Recovery project to help with his Mental Health Condition.

4.9 The Councils wish to ensure maximum use of discretionary awards in relation to Discretionary Housing Payments (DHPs) across Adur and Worthing and Discretionary Council Tax Support (DCTS) in Worthing only. At the time of writing the outturn for 2017/18 is anticipated to be almost fully spent in all Categories across both Councils.

4.10 *Financial Inclusion - accessing banking and affordable credit* - As part of the Councils ongoing work with some of our most vulnerable communities, including our street community, our outreach and housing officers have been working closely with banks and our local Credit Union (BOOM) to ensure that individuals have an account and can claim UC. This has included working with Boom to reduce the amount required to open an account from £5 to £2.50, and in exceptional circumstances Boom will waive this requirement.

The relationship with Boom has also assisted clients to open accounts who are not able to provide the standard forms of identification. This includes accepting supporting letters from professionals and non traditional forms of identification, eg prescriptions or a letter from another recognised agency.

4.11 With the changes announced in the autumn budget, it is hoped that the likelihood of 5-6 week period where some UC claimants would be without funds, has been significantly reduced as new claimants can now receive an advance for an amount totalling their full claim, immediately. Feedback from the DWP on the roll out in Hove job centre, which covers some of Adur, demonstrates that by asking all applicants how they will manage until their first payment and offering an advance to all, the take up has been nearly 100%.

4.12 Whilst this is welcome news, we know that having access to affordable credit

is essential for many resident. Payday and other high interest lenders tend to be more prevalent in poorer communities and can leave individuals and families in very challenging financial situations. Over the last year, our local Credit Union, BOOM, a merger between the former Surrey and West Sussex Credit Unions, has seen an exponential rise in loans to communities across Adur and Worthing. The total amount loaned to residents in our communities is nearing £1million pounds and represents nearly 50% of all loans they have agreed in recent months. A significant amount of loan value (about 35%) are to enable individuals and families to consolidate expensive debt and repay at a rate that is affordable, whilst saving for the future. All customers with a loan through BOOM are also required to save an amount equivalent to 20% of the loan value, which they will receive at the end of the term.

4.13 In addition to providing a means of consolidating expensive loans, the Credit Union has seen rises in requests for loans to cover rent arrears and deposits on new tenancies. Clearly the Union is providing a valuable service to our communities. In 2014 both Councils invested £25,000 each in our Credit Union and in light of the current increase in demand, the Union has asked the Councils to consider further investment to enable them to increase their capital base to be able to meet regulatory standards and continue to support our communities. A recommendation of this report is that Worthing Borough Council invest an additional £25,000 in deferred shares given the size of the loan base to Worthing residents.

4.14 Much of the work to implement the Homelessness Reduction Act new approaches to preventing homelessness is also relevant here. This work is fully updated in the report '*Delivering our Housing Strategy - Review 2017-18*' also on this Committee agenda.

4.15 Finally, whilst we have clearly focussed on the need to support and enable our

residents to navigate these changes, we have also built in time and energy to enable our staff and key stakeholders to be able to support our communities. Staff from across the partnership have attended DWP training in respect of Universal Credit so they are able to understand and support new claimants.

4.16. *Driving Knowledge and use of the 'Find it' Application* - Adur and Worthing is

leading the way in enabling cross sector working. Adur and Worthing Councils have used our experience and knowledge to develop the 'Find it' application, a professional directory created to support frontline staff to have swift access to information and service offers that are current and local. This project

continues to go from strength to strength, with currently 228 frontline staff with over 700 offers registered on the application.



5. Impact and Risks

5.1 The roll out in Adur of full service UC has not had any discernible immediate

effect, however it is still early days and impact is more likely to be felt over the longer term as existing claimants of benefits are moved across to UC. The delay to the full roll out in Worthing is clearly helpful.

5.2 The continued freeze on Local Housing Allowance rates for those claiming benefits and renting, and the lack of affordability in the rental market, continues to drive demand for housing advice and support, and we wait to see what the impact of the Homelessness Reduction Act will have on our services and our ability to respond. Both Councils have committed additional funds for this work, however in 2018/19 the amount allocated from Central Government for Discretionary Housing Payments has been reduced and the amount of grant provided to support those in temporary accommodation in Worthing, is far less than is required. These shortfalls will continue to impact negatively on our resources and those that we can distribute to those most in need.

5.3 Rental arrears amongst Adur Homes tenants continues to be above industry standards and with continuing pressures on budgets created by the 1% year on year rent reduction, any further impact on revenues will require the Council to make some hard choices about how we spend limited funds.

6. Engagement, Communication and next steps

6.1 The report outlines the wide ranging engagement and communications with our communities, partners and key stakeholders. This will continue.

6.2 In relation to the recommendation for further investment into the Surrey and West Sussex Credit Union, leaders and the executive of both Councils have been consulted

6.3 The Councils will continue to develop its support networks to enable our communities to build skills and resilience and to extend the scope of the work of the partnership as required in the coming months.

7. Financial Implications

7.1 Both Councils currently have an investment of £25,000 in the Credit Union which was approved in 2014.

7.2 Boom Credit Union is licensed by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority under the 1979 Credit Union Act. The Prudential Regulation Authority requires credit union to maintain a 'Capital to Assets Ratio (CaR)' of 5%. The practical implication of this is that the PRA requires the Credit Union to have reserves, deferred shares or subordinated loans to a value which is equivalent to at least 5% of the value of loans given.

7.3 The growth in the loan book of Boom, has meant that it has struggled to meet the 5% requirement in recent months. The value of loans given out locally is approximately:

	Approximate size of loan book	Capital cover required at 5%	Current investment (Deferred shares)
Adur	£180,000	£9,000	£25,000
Worthing	£800,000	£40,000	£25,000

The current investment by Worthing Borough Council is not sufficient to give the level of capital cover required by the PRA. Consequently it is recommended within the report that the level of investment be increased to £50,000 to provide cover for the existing loan book and with some allowance for further growth in the level of loans made to Worthing residents. The cost of the proposed additional shares of £25,000 will be funded from within the existing treasury management budgets.

7.3 Under the 'The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003', the purchase of shares in any corporate body is classed as capital expenditure. Consequently, this the Committee are asked to amend the capital programme.

7.4 Worthing Borough Council Annual Investment Policy and Strategy currently limits investment in Boom (formerly the West Sussex Credit Union) to £25,000. This policy will need to be amended to allow for an increase in the level of investment.

7.5 Members should be aware that under IFRS9 - Financial Instruments, the Councils will need to do an annual assessment of the value of our investment in the Credit Union and adjust the value of the investment to reflect any assessed changes in value.

8.0 Legal Implications

8.1 The Welfare Reform and Work Act 2016 came into force on 16th March 2016. The Act attempts to increase employment, curb the welfare budget and support working households. Section 8 of the Act amends the Welfare Reform Act 2012 by amending financial limits for receipt of some benefits; Section 11 freezes a number of Social Security benefits for 4 years and section 23 requires social housing providers to reduce rent levels by 1% each year for 4 years beginning from 2016/17.

8.2 The Councils have the power to do that which is proposed in this report under section 111 Local Government Act 1972 which provides that the Council shall have the power to do anything which is calculated to facilitate, or is conducive or incidental to the discharge of any of their functions.

Background Papers

- Welfare Reform: Background, Impact and Response in Adur and Worthing Councils - JSC January 2017
- Platforms for Our Places
- Report to the Joint Strategic Committee - Proposal for Adur and Worthing Councils to become Corporate Members of West Sussex Credit Union dated 4th November 2014.
- Report to the Joint Strategic Committee - Joint Treasury Management Strategy Statement and Annual Investment Strategy 2018/19 to 2020/21, Adur District Council and Worthing Borough Council dated 2nd February 2018

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Sustainability & Risk Assessment

1. Economic

Changes to welfare reform and issues of financial inclusion impact on the ability of some part so of our communities to participate economically in our places and increase demand in some part of the system. Whilst the measures outlined in this report seek to support our communities to build resilience and skills, it is acknowledged that there is a wider need to improve the skills levels of some parts of our communities.

2. Social

2.1 Social Value

The social impacts of a lack of financial inclusion are clear, and in particular the impacts bad debt can have on individuals and families can be significant and far reaching. The work the councils are doing in partnership with many stakeholders attempts to create options and avenues that provide ways forward for our communities - adding real long term individual and social value.

2.2 Equality Issues

The work being undertaken by the councils is available to all, however targets those in financial need.

2.3 Community Safety Issues (Section 17)

Considered - no specific issues to report

2.4 Human Rights Issues

Considered - no specific issues to report

3. Environmental

Considered - no specific issues to report

4. Governance

The investment in the Credit Union will be monitored via the treasury management reports.