

Economy Scrutiny Committee

Minutes of the meeting held on 4 September 2013

Present:

Councillor Green – in the Chair
Councillors Barrett, Chappell, Davies, Hackett, Karney, Keegan, Ollerhead (ESC/13/40 onwards), Pritchard, Raikes (ESC/13/40 onwards), Razaq, Richards, Simcock, Smitheman, Stogia and Walters.

Councillor Fairweather, member for Harpurhey Ward
Councillor S Murphy, Deputy Leader of the Council
Councillor Paul, member of the Communities Scrutiny Committee

Mike Stevens, Northwards Housing
Tracy Langton, Northwards Housing
Stephen Dawson, Help with Rent
Chris Hulse, Jobcentre Plus
Molly Brown, Jobcentre Plus
Collette Carroll, Work Club Leader, volunteer and service user
Christine Moore, Manchester Credit Union
Andy Brown, Manchester Citizens Advice Bureau
Karen Dyson, Manchester Citizens Advice Bureau
Jeremy Engineer, Cheetham Hill Advice Centre
Jean Betteridge, Access to Advice
Dr Faizan A Awan, Cheetham Hill Medical Centre

Apologies

Councillor Chamberlain

ESC/13/38 Minutes

Decision

To approve the minutes of the meeting on 17 July 2013 and note the minutes of the Environmental Sustainability Subgroup on 7 August 2013.

ESC/13/39 Brief Introduction and North Manchester Context

The Chair welcomed attendees to the Harpurhey Neighbourhood Project and to the meeting. The Head of Regeneration explained that this meeting, which was dedicated to considering the impact of welfare reform, was six months after the Committee last considered welfare reform. She explained that while some of the changes had happened, it was still early days in the introduction of welfare reform, so the full extent of the impact was not yet known.

The Regeneration Manager North provided an overview of the context of North Manchester, which had major opportunities, but a number of challenges linked to

high levels of benefit claimants. He explained the North Manchester Strategic Regeneration Framework (SRF) was a 10-15 year plan to tackle the challenges the area faces, but also to harness the opportunities so North Manchester is a key place to live, work and invest in the city. The plan, which was developed by the Council and consulted upon, is delivered by multiple organisations operating in the area. He stressed that there was lots of work taking place to support the residents of North Manchester, more than would be in evidence in the meeting.

Decision

To note the information in the presentation.

ESC/13/40 Housing – Impacts of changes to housing benefit on tenants and Registered Providers

The Committee welcomed Mike Stevens and Tracey Langton of Northwards Housing and Stephen Dawson of Help with Rent to the meeting. Mr Stevens made reference to the presentation he had provided in the Committee's papers. He gave an overview of the impact the changes were having on Northwards Housing, which included greater costs relating to rent collection and support and less rent being collected. He said that increasingly people were in extreme desperation. There was an estimate that a quarter of the reduction in rent due to lower housing benefits as a result of the new rules on under occupancy would not be collected. He said that people wanted to downsize, but there were not enough one bedroom properties to meet demand. Ms Langton said that most people wanted to work, but arranging appropriate childcare was difficult. She said there was a great deal of uncertainty and hardship.

A member informed the Committee that in her local community centre, a bank came and signed people up for basic accounts with a direct debit to pay their rent to their landlord as soon as they received their housing benefit payment. This avoided the problems that paying housing benefits to the tenant rather than directly to the landlord can have. She also noted that a credit union in Ardwick had Christmas accounts, in addition to basic accounts. They could pay in, but not access the money until close to Christmas. Mr Stevens confirmed that Northwards and all registered providers of social housing (RPs) work with credit unions. The Committee agreed to invite representatives from local banks to a future meeting to discuss how they have help residents budget.

A member said that families in North Manchester suffer from poverty and worklessness, and high levels of deprivation. He said that local and central government could strengthen families and give young people the best chance in life, or, as they are doing, treat them as an ideological laboratory for testing policies and dividing people. He said that the new rules on under-occupancy are social engineering. He concluded that these policies will cost the public more in the long term than is saved in the short term.

A member noted that there was a shortage of one bedroom properties across the city, but the Council's planning policy discourages building them. The Director of Housing confirmed that it had been the Council's policy not to build one bedroom properties for years, but that it was under consideration. He said that the Council

wanted the national policy to change, and did not want to respond too quickly without fully considering the consequences. The Deputy Leader noted that the under-occupancy changes also do not take into account people who have part time responsibility for children.

A member asked for more detail on what the Council does to help private rented sector housing tenants who were living in poor conditions and asked if the Council should have more powers. The Director of Housing explained that the Council does have sufficient powers in this respect, but very limited resources. The private rented sector is very diverse, from very high value high demand properties, to low value properties and potentially some criminal landlords. A strategy to address this was currently being developed. The Director of Housing also noted that there were surprisingly low levels of evictions for people in the private rented sector. This was reflected in a drop in homelessness and a relatively low use of temporary accommodation.

The Committee then welcomed Stephen Dawson from Help With Rent to the meeting. Help With Rent advises private and social tenants on how to cope with the changes. They had a team of advisers and were working to raise awareness of the changes to welfare. This included a campaign that ran between April and March on a local radio station. He said there was a reluctance to move between the private and social sectors because the social sector has a high waiting list, and the private sector lacks security. The new rules on under-occupancy are affecting people who have been in their properties for many years. The new changes are affecting older people whose children have left home. Of those affected, 28% already have rent arrears. It will take approximately a year for a tenant affected by the under-occupancy rules to accrue the level of rent arrears that will lead to court proceedings, so Help with the Rent focuses on prevention and early intervention support.

Decision

To invite representatives from local banks to a future meeting of the Committee to discuss how they can work with the Council and registered providers to support residents in budgeting and making best use of the services available.

ESC/13/41 Support for residents to access employment

The Committee welcomed Chris Hulse and Molly Brown of Jobcentre Plus and Collette Carroll, Work Club Leader, volunteer and service user to the meeting. Ms Hulse gave an overview of the impact that welfare reform was having on Jobcentre Plus. Jobcentre Plus aimed to move people into work as quickly as possible through a range of measures including work experience and skills development. Boosting confidence and skills was key to people accessing work. They also worked with Blue Orchid to help people become self employed. Jobcentre Plus works with jobseekers prior to them being referred to the Work Programme, the government's welfare to work programme. The Work Programme was a two year scheme with payment for the providers by results. She said that Jobcentre Plus was starting to get people back who had been referred to the Work Programme but who had not secured a job outcome. Jobcentre Plus also carries out outreach work to engage with people, and have advisers based within Council offices as well as four members of staff seconded

to the Council's Troubled Families team. She said it was not yet confirmed when Universal Credit would be introduced, but Jobcentre Plus was promoting IT access and internet capability in anticipation. A member noted that she had toured Newton Heath Jobcentre, and been very impressed with the operation, particular the IT access.

The Committee then heard from Collette Carroll. Ms Carroll explained that she had run the work club in Harpurhey since April 2011. She was made redundant by Blue Orchid, but did not want the community to lose the work club, so continued to run it voluntarily. She said that it is important to have a work club which people can walk to because it saves the bus fare. There are work clubs in North Manchester in Harpurhey, Charlestown, Cheetham Hill and Moston. The services provided include support writing CVs and filling out applications, IT and quality of life. She said the work club could not provide intense one to one support, which some people need, for example people with learning difficulties, ex offenders and people who have never worked. Ms Carroll explained that the work club saw people of all ages, but there had been an increase in the number of pensioners attending. She said that since it began the work club had seen 1400 people, and achieved between 130 and 170 jobs. But 70% of these were short term, temporary, part time or low hour contacts. The club encourages people to do multiple jobs, but this can be difficult with transport, increased costs and child care arrangements. She also noted that when people do secure work they stop receiving Jobseekers Allowance but there can be a month long gap before they are paid, which means some people decide it is not worth taking the job. She concluded that work clubs are necessary, particularly as people are returning to Jobcentre Plus from the Work Programme. She also confirmed, in response to a question, that many people who have become employed through the work club were still affected by welfare reform and changes to benefits. She said that the stress on working people was often worse than on people who were not working.

A member stated that having access to IT was vital, along with the support and training to use it properly. He said that the Council was developing Digital Champions to assist in this, and that access in people's local neighbourhoods was crucial.

The Committee agreed to amend the scope of the report due to be submitted in February on the Work Programme to include more evidence on the people who have been referred to the Work Programme who were going back to Jobcentre Plus. The Committee also agreed to invite Collette Carroll to the February meeting.

A member suggested returning to work clubs in more detail at a future meeting of the Committee. He also noted that there was a major retailer in the city using zero hour contractors and mixed shifts. The member suggested that, as large retailers rely on the loyalty of the public, the Council should name and shame it and other organisations which use these practices. The Deputy Leader added that when Universal Credit was introduced, it would enable the Department for Work and Pensions to instruct working people working part time who receive Universal Credit to find more hours to work.

Decision

1. To amend the scope of the report due to be submitted to the Committee in

February on the Work Programme to include more evidence on the people who have been referred to the Work Programme, not securing jobs and being referred back to Jobcentre Plus, including numbers. To also invite Collette Carroll to the February meeting.

2. To return to work clubs in more detail at a future meeting of the Committee.
3. To recommend that large retailers and employers who use zero hour contracts and mixed shifts in the city are named by the Council.

ESC/13/42 The role and impact of Advice Services and Credit Unions

The Committee welcomed Christine Moore from the Manchester Credit Union (MCU) to the meeting. She explained that there had been a sharp increase in the number of people using MCU for help recently, without any marketing. MCU sets up accounts for people which have direct payments for rent to landlords, in anticipation of the introduction of Universal Credit, which will end the practice of payment of housing benefits directly to landlords. MCU provides welfare loans across the city and there is a new office open three days a week in Harpurhey. The Blackley office saw 20 people an hour, with big queues and the office based in Northwards Housing had seen a big increase in usage. Ms Moore said there were problems with capacity, as MCU has no external funding, so existed on the interest paid on loans, and the loans are very low interest. She said they were working to increase their number of members in employment and encouraging saving through pay role deductions.

The Committee welcomed Karen Dyson from Manchester Citizens' Advice Bureau (CAB). She explained that people who used CAB's services were divided into four cohorts. Cohort one could access self help; cohort two presented with one problem; cohorts three and four had complex problems. Ms Dyson said that in practice, no one fell into cohort two. She said the rhetoric associated with welfare reform, such as calling people who claim benefits "scroungers", is particularly damaging. She also objected to the belief that "work is the best route out of poverty", in the sense that many people in poverty are working. For example, of the 3.5m children in poverty in the UK, 65% of them have at least one parent in work. Manchester CAB had produced a leaflet to address this rhetoric called "well actually...". Ms Dyson felt that the Committee papers lacked the voice of the people affected by the changes. She had a number of quotes, which she would send to members in a newsletter. She urged the Council to support CAB's attempts to reverse the reduction of the Local Housing Allowance from the 50th to the 30th percentile of the broad market rental area, which forces people into low quality homes or having to make up the short fall. Finally, she informed members that CAB would be holding an event, to which councils and social housing providers would be invited, to look at how they can address the problem of pay day loans.

The Committee then heard from Jeremy Engineer of Cheetham Hill Advice Centre. He echoed what Karen Dyson had said in terms of the impact that welfare reform was having on advice services, and Cheetham Hill Advice Centre was busier than ever with people queuing out of the door. He noted that there had not yet been any mention of sanctions, in which benefits claimants were having their payments docked

for not complying with rules. He said these were causing lots of problems and they were increasingly being applied quickly, without considering whether there are legitimate reasons for not complying. For example, a resident was told to attend a course, despite not speaking English. She attended, but because of her language difficulties, she could not actively participate in the course, and was sanctioned. Or people with literacy problems, who can not fill out applications or write CVs, often seek work informally, such as asking in shops. They then struggle to demonstrate that they have been applying for the required number of jobs, so are sanctioned. He also said Cheetham Hill Advice Centre was increasingly seeing people who are self employed, who need to apply for housing benefit, but find it difficult to provide evidence for their income.

The Committee next heard from the Council's Strategic Commissioning Development Manager. He explained that a members working group had been established to review the Council's commissioning of advice services. A mapping exercise found 170 different services offering elements of advice in the city funded by various sources, not just the Council. The aim is to increase the connectivity between them, particularly those providing advice on welfare, benefits and employment with services provided by social housing providers. The Strategic Commissioning Development Manager explained that there were two main approaches being taken towards future investment in advice. The first is a £1.3m block contract the Council which will be evaluated on the outcomes. This will focus on the promotion of self help, to enable greater flexibility to respond to more difficult problems. The second approach was an investment of £900,000 in a range of spot contracts based on a referral only process, by frontline workers who can identify those most in need of intensive support.

Finally, the Committee heard from Jean Betteridge, of Access to Advice, a group which campaigns on improving access to advice for residents. She said that welfare reform was having an extensive impact across the city. There were increasing numbers of people who needed advice, many with very complex needs. She felt that the model in place does not meet people's needs, and outcomes are significantly reduced. She said there needed to be more resources available for advice, and this would be cost effective as it would prevent worse problems in the future.

A member informed the Committee and attendees that Jon Beadman of Seetec, one of the Work Programme prime contractors, had told her that the Work Programme providers would be under much more pressure to increase sanctions in the future.

The Committee welcomed Councillor Paul Fairweather to the meeting. He explained that he represented Harpurhey and was a member of the advice services members working group. He told the Committee that the working group had proposed that an additional £1m needed to be found for advice services. He said that in the past, there had been a very good approach to advice services, which was joined up and strategic, but the withdrawal of Legal Services Commission funding for legal aid had led to a review and the current model, with a focus on specialist services. He said that there was a need for flexibility in the tendering process to enable quick reaction to changing circumstances, but it would be very challenging. He also offered to inform the working group of the discussion that had taken place in this meeting, which the Committee welcomed.

Andy Brown of the CAB clarified the position of the service provided by CAB. He said that since legal aid was withdrawn, community legal advice was being provided by CAB. He informed the Committee that CAB used a triage system, and 13% of enquiries are dealt with on the same day. Since starting the contract CAB had seen 200,000 people, with 85% demonstrating benefits.

A member asked for more detail on the new advice services policy. Councillor Fairweather said that in the past advice services had been considered by the Communities Scrutiny Committee, that the timescale was very tight, and that Citizens Advice Bureau and Access to Advice were both being consulted with.

The Committee noted that at its next meeting it was due to be looking at Affordable Credit, including Credit Unions, and asked for this to include more detail on:

- how the Council can support credit unions to push for more affluent people to use their services; and
- how the Council can support employers to encourage the use of credit unions for saving, particularly through payroll deductions.

Decision

To extend the scope of the item on Affordable Credit, scheduled for October, to include more detail on how the Council can support credit unions.

ESC/13/43 The impact of welfare reform on health

The Committee welcomed Dr Faizan A Awan, a GP at Cheetham Hill Medical Centre, to the meeting. He confirmed that welfare reform was having direct impact on people's health in a number of ways. On people's quality of life, loss of benefits through sanctions is leading to increases in anxiety and depression. Nutrition is also suffering, when parents have to work longer hours into the evening which means they do not have time to cook. Housing issues and new rules around under-occupancy are having an impact on health, for example a husband and wife who sleep in separate bedrooms because of health conditions or domestic incidents have to move to a one bedroom property, so may consider separating. Debt also multiplies the impact of health problems, such as depression. In North Manchester there are high levels of depression. Dr Awan also told the Committee that GPs' workloads are increasing. For example, 38% of work capability assessments are being overturned, and many people are asking their GPs for letters of support in their appeals. This is not a service that the NHS provides, so people have to pay, and many are begging their GPs to provide the letter. Dr Awan said that Cheetham Hill Medical Centre is working with the Citizens Advice Bureau (CAB), Family Intervention Project and the Fit for Work team.

The Senior Strategy Manager from Public Health Manchester provided an overview of the impact of welfare reform from the perspective of Public Health. She said that the risk with welfare reform is widening health inequalities. Income is a social determinant of health, and the income of the poorest is being reduced to lower than ever seen before. The long term consequences of this are likely to include increases in smoking and use of drugs and alcohol. Child health was demonstrating an impact already, as for the first time the number of underweight children had increased. She

said that the impact of welfare reform is being monitored, but it is very difficult to predict and establish that it causes problems to worsen. The Senior Strategy Manager confirmed that Public Health was working closely with the Economic Development Unit to fill the gap that the Work Programme providers are leaving. This included the Fit for Work team, which helped people at risk of losing their jobs and worked with GPs to identify those at risk.

A member welcomed the input on health from people who have front line experience of the impact that welfare reform is having. He said that one of the purposes of the meeting was to gather evidence and use it to make the case against welfare reform. He said welfare reform was putting increasing pressure on a population that already had health problems, and the public would pay the price in the long run. He suggested that the evidence heard in the meeting be documented in a report, which is presented to government. The Committee agreed to this.

A member noted that there was a particular problem with people who have been employed in skilled jobs in industries which have disappeared. Once out of work, they have developed health problems, such as depression, which means that it is much harder for them to find a job, even though they are skilled. Another member raised the concern that there may be a rise in prostitution. Dr Awen said this would be monitored by Greater Manchester Police.

Decision

That the evidence and case studies heard in today's meeting is documented in a report, which is presented to government.

ESC/13/44 Manchester City Council impact on services response

The Head of Regeneration introduced a report which provided an overview of the changes to welfare that were being introduced by the government and the current and potential impact on Manchester. The report also gave a summary of work underway to assess and respond to this impact, and what the Council is doing to mitigate the impact. The Head of Regeneration said that much of the work that was being done had been referred to already in the meeting. Some of the key actions taking place were coordination of the work across the city, support for work clubs and focus on communications to ensure that people understand the changes taking place and the impact they will have. A booklet had been produced which was well received, but the feedback was that there were many people who were not taking on board the difficulties until the point at which they receive a court summons, so this continues to be challenging.

The Head of Revenues and Benefits gave an overview of the impact that the changes were having on her department. She said that the biggest impact was the scale of the change, which was unprecedented. A particular difficulty was the lateness of government announcements, an example of which was the Council Tax Support transitional grant, which had meant wasted work and limited planning time. In terms of the impact on vulnerable residents and changes to Council Tax Support, she advised that the Council had reviewed its costs policy and was not automatically

sending accounts to the bailiff. By vetting cases the aim is to arrange attachments from benefit rather than recovery using bailiff companies. She reassured the Committee that the team were continually reviewing the work and trying to find ways to help people and be as fair and reasonable as possible.

The Chair summarised the discussion in the meeting, saying that this was uncharted territory and the impact of the changes was only just starting to be felt. She expressed the Committee's sense that the changes were a form of social engineering, with the poorest paying the largest price. She said the Committee's role was to hold the Executive to account, and members were satisfied that the Council and its partners are doing their utmost to address the problems. She was disappointed that there were not more members of the public at the meeting, but the Committee acknowledged that few people are willing to speak publically about it, as it is embarrassing. The Committee thanked the people who attended the meeting, and summarised the recommendations that had been discussed throughout the meeting.

Decision

1. To thank all the attendees who gave evidence to the Committee at this meeting.
2. To invite the representatives of local banks to a future meeting of the Committee to challenge them to support residents better and establish how they can work with the Council for the better of Manchester residents.
3. That the Chair write to the leader of the opposition to ask why there were no opposition members at today's meeting.
4. To invite the Secretary of State for Work and Pensions to a meeting in Manchester to discuss the evidence heard in today's meeting.
5. To draw the evidence heard in today's meeting into a report, with case studies of people affected by welfare reform. To travel to Westminster to deliver the report, and invite affected residents.

ESC/13/45 Overview Report

The Committee considered a report of the Governance and Scrutiny Support Unit which provided a summary of the key decisions due to be taken that are relevant to its remit, an update on actions taken as a result of recommendations and the current work programme. The Overview Report also included the most recent Real Time Economy Dashboard.

Decision

To agree the work programme.