

Corporate Policy and Strategy Committee

10am, Tuesday 16 April 2013

Welfare Reform – further update

Item Number	7.1(a)
Report number	
Wards	All

Links

Coalition pledges
Council outcomes
Single Outcome Agreement [SO2](#)

Alastair D Maclean

Director of Corporate Governance

Contact:

Danny Gallacher – Head of Corporate and Transactional Services

E-mail: danny.gallacher@edinburgh.gov.uk | Tel: 0131-469-5016

Sheila Allen – Business Manager to Head of Corporate and Transactional Services

E-mail: Sheila.allen@edinburgh.gov.uk | Tel: 0131-469-5088

Executive summary

Welfare Reform – further update

Summary

This report continues the series of bi-monthly updates on Welfare Reform and on the progress being made by the Council and partners to develop arrangements to mitigate, where possible, the negative impact of the UK Government's welfare reforms on people in low income jobs and out of work.

Two important analyses of the impact of Welfare Reform in Scotland were published in March 2013. The Scottish Government estimated that the cumulative reduction in benefits expenditure by 2014-15 in Scotland due to Welfare Reform will be around £4.7 billion. An analysis for each local authority, by the Scottish Local Government Forum Against Poverty and Rights Advice Scotland, indicates that Edinburgh accounts for around 10.5% of the Scottish total. When applied to the Scottish Government figures, this suggests a cumulative reduction in benefits expenditure in Edinburgh of nearly £500 million over the five years ending 2014-15.

Expenditure reduction on this scale will have serious multiplier effects on the City Region's economy, reducing consumption of goods and services, and reducing employment.

The implications of the reduction in welfare benefits will be increased poverty and hardship; increased need for benefits advice and advocacy services, money management and debt advice, access to credit, food banks, furniture initiatives; and increased demand on health, social work, housing and homelessness services. There is also the risk of reductions in council income mainly from increased rent arrears, loss of DWP administration subsidy, and reduced income from service charges.

Funding of £350k was agreed by Council at the February budget meeting for additional advice services and income maximisation in 2013-14 and the report contains recommendations on allocating this funding to Citizens Advice Edinburgh, other Third Sector agencies, and the Council's own Advice Services.

The new regulations for people receiving Housing Support who are considered to be "under-occupying" their home apply from 1 April 2013. The Council has taken various steps to advise people affected by these changes. Discretionary Housing Payments (DHP) provide short term emergency funding to tenants receiving Housing Benefit and this fund will be used to support the most vulnerable citizens.

The Welfare Reform Strategic Planning Group continues to meet monthly, bringing together Council and stakeholders from advice services and the third sector to provide a co-ordinated response to manage and mitigate the negative effects of Welfare Reform.

Recommendations

It is recommended that the Corporate Policy and Strategy Committee :

1. notes the continuing progress on assessing the impact of welfare reforms and actions for developing partial mitigation strategies;
2. agrees additional grant funding for income maximisation, welfare benefits advice and advocacy services, for Citizen's Advice Edinburgh (£100,000), Community Ability Network (£22,000), The Action Group (£15,000), FAIR (£15,000), and COSS (£7,000);
3. notes that additional advice funding totalling £67,000 has already been agreed for the Welfare Rights and Health Project, CHAI Advice Service, and Granton Information Project;
4. agrees additional expenditure on the Council's Advice services as set out at paragraph 2.17 in the main report below;
5. notes that the Director of Services for Communities will report to the Health, Wellbeing and Housing Committee in June 2013 on the Advice Services review;
6. approves the recommendation not to volunteer to participate in the proposed Pathfinder Project for Pension Credit (given Edinburgh's involvement in the DWP's Direct Payment Demonstration Project); and
7. notes the next progress update report will be on 11 June 2013 (with a separate briefing to Committee members in early May).

Measures of success

The success of the programme to mitigate the effects of Welfare Reform will be measured through:

- reductions in forecast loss of income; and
- customer satisfaction with advice and advocacy services provided relating to benefit changes, including increased benefit take up and minimised losses by ensuring people get their full entitlement under the new arrangements.

Financial impact

The increasing numbers of people experiencing hardship is expected to lead to increased demand for services in many areas of the Council and partner and advice agencies. There is also a risk to Council income, particularly from rents arrears, changes to subsidy levels for temporary accommodation and service charges. Further work is being undertaken to quantify likely financial impacts and to identify funding sources for the investment required in mitigation measures.

Known risks include ;

- Risk of loss of rental income to Housing Revenue Account (HRA) arising from Housing Benefit under-occupation reforms.

- Risk that Scottish Welfare Funds will be insufficient to meet demands from customers.
- Risk that DHP budget is insufficient to meet demands due to changes in welfare reform.
- Risk that the spend on Council Tax Reduction Scheme exceeds the available funding.
- Reduced DWP Administration Subsidy due to the abolition of Council Tax Benefit.
- Reduced DWP Administration Subsidy due to the phasing out of Housing Benefit.

Equalities impact

The UK Government has prepared Equalities and Human Rights assessments for the welfare reform proposals. The Council will undertake an EHIRA when necessary for any of its proposals.

Sustainability impact

Welfare Reform is expected to have general implications for environmental and sustainability outcomes, for example in relation to fuel poverty.

Consultation and engagement

Ongoing involvement of Council officials is taking place with the UK and Scottish Governments, directly and through COSLA, with the DWP, and with the Third Sector, the NHS and other partners, to prepare for welfare reform changes.

Moving into the next phase of Welfare Reform changes, the emphasis will be on engagement with citizens, both in and out of work, who rely on benefit income and tax credits. The priority will be to provide information, advice and support, directly by the Council and in conjunction with independent advice agencies and major partners. Further information on Welfare Reform can be found on the Council's website by following this link: <http://www.edinburgh.gov.uk/benefitchanges>

The Council is participating in a number of groups with the DWP looking at the impacts of Welfare Reform, namely Local Authority Transition Working Group (LATWG), Practitioners Operational Group (POG), as well as COSLA's Welfare Reform Local Authority Representatives Group

A consultation and launch event for Advice Agencies was hosted by Council with over 70 organisations/stakeholders being represented.

Background reading / external references

Recent reports to committee:

[Welfare Reform - Scottish Welfare Fund arrangements](#) – Finance and Budget Committee, 21 March 2013

[Welfare Reform – further update](#) – Corporate Policy and Strategy Committee, 22 January 2013

[Welfare Reform - update](#) – Corporate Policy and Strategy Committee, 4 December 2012;

Welfare reform – update

1. Background

- 1.1 The Corporate Policy and Strategy Committee on 22 January 2013 agreed to continued monitoring of the Council's actions to mitigate the impact of Welfare Reform and requested further update reports every two months.

2. Main report

- 2.1 The latest DWP figures show that there were 123,000 people receiving welfare benefits in Edinburgh in February 2012.
- 2.2 Two important analyses of the impact of Welfare Reform in Scotland were published in March 2013. On 24 March, the Scottish Government released an analysis of the Welfare Reform measures announced in UK budgets and Autumn Statements from 2010 to date. The cumulative reduction in benefits expenditure by 2014-15 is estimated at between £4.1 and £4.7 billion, with the higher figure being considered the more accurate, because it is based on Scotland's share of each individual benefit, and not simply on the total share of 8.6% in 2011-12:

Scotland's share of UK benefit reductions, £ millions (cumulative).

£ Millions	2010-11	2011-12	2012-13	2013-14	2014-15	Cumulative saving
UK benefits reductions	£385	£2,640	£7,645	£14,460	£21,380	£46,510
Scotland's share:						
Approach 1: using aggregate figures	£34	£234	£678	£1,282	£1,895	£4,123
Approach 2: using changes to individual benefits	£29	£302	£827	£1,447	£2,062	£4,668

Source: Scottish Government: *UK Government cuts to welfare expenditure in Scotland*, March 2013. At: <http://www.scotland.gov.uk/Resource/0041/00417011.pdf>

- 2.3 On 20 March, the Scottish Local Government Forum Against Poverty and Rights Advice Scotland jointly published *People, Councils and the Economy 2nd Edition: An assessment of the impact of proposed changes to the UK Benefits System on people, councils and the economy in Scotland*. Their estimate of the total benefit loss in Scotland is £2.1 billion by 2015-16, however these figures have not been calculated on a cumulative basis, and the methodology differs from that used by the Scottish Government.

- 2.4 Unlike the Scottish Government figures, *People, Councils and the Economy* provides estimates for each local authority; those for Edinburgh indicate that welfare expenditure in the city will be some £223 million lower by 2015-16 than would have been the case without the Welfare Reform changes:

Estimated benefit reduction for Edinburgh citizens, £ millions (non-cumulative)

	Claimants at Feb 2012	Annual total claimed at Feb 2012	Losses so far	Annual losses from April 2013	Annual losses from April 2014	Annual losses from April 2015	Total losses 2010-15
Disability Living Allowance	22,650	£86.827	£0.347	£12.674	£12.544	£19.909	£45.475
Income Support	11,710	£51.247	£0.205	£0.649	£1.320	£2.011	£4.185
Employment Support Allowance	7,350	£33.794	£0.135	£0.427	£0.867	£1.321	£2.750
Incapacity Benefit	13,550	£41.438	£0.166	£0.523	£1.063	£1.620	£3.372
Jobseekers Allowance	11,980	£39.315	£0.157	£0.496	£1.009	£1.537	£3.199
Carers Allowance	3,210	£9.232	£0.037	£0.077	£0.118	£0.162	£0.394
Attendance Allowance	10,710	£34.930	£0.140	£0.290	£0.448	£0.613	£1.491
Housing Benefit	39,950	£188.732	£13.793	£28.451	£30.903	£33.432	£106.579
Child Benefit	47,545	£67.455	£9.875	£8.405	£9.399	£10.424	£38.103
Tax Credits	33,000	£137.709	£2.834	£2.834	£2.834	£2.834	£11.336
Benefit Cap	840			£1.278	£2.556	£2.556	£6.390
Total		£690.679	£27.689	£56.105	£63.061	£76.420	£223.275

Source: Scottish Local Government Forum Against Poverty and Rights Advice Scotland: *People, Councils and the Economy*, available at: <http://www.scottishpovertyforum.org.uk/PCE2v3.pdf>

- 2.5 On these figures, Edinburgh's share of Scotland's total welfare expenditure reductions amounts to 10.5%. Applying that figure to the Scottish Government's estimate of the cumulative reduction by 2014-15 gives a rough estimation that Edinburgh's citizens and families would have lost a total of almost £500 million over the five years ending in 2014-15. Further work is in hand by officers to work through the data and assumptions that underpin these estimates.
- 2.6 We know from other studies that the loss of benefit income affects people in low income work as well as people who are not working. The loss of income on this scale will greatly increase poverty and hardship in the city, and will lead to increased need and demand for Council, NHS and Third Sector services.
- 2.7 There will also be serious multiplier effects on the City Region's economy, reducing consumption of goods and services, and reducing employment. Officers are currently commissioning academic work to quantify these wider effects on the local economy.
- 2.8 The Council continues to actively engage with the Scottish Government and other national and local organisations to develop an effective co-ordinated approach to mitigate the worst impacts of welfare reform. Progress on issues are reviewed below.
- 2.9 **Advice Services in Edinburgh** - There is significant increasing demand for benefits maximisation, advice and advocacy, both for Third Sector agencies and for the Council's advice services, and this will likely escalate as Welfare Reform

progresses. It is likely that the Council's contact centre will also experience increasing demand from people with benefits queries or without funds, in addition to pressures on social work, housing and homelessness services.

- 2.10 In January 2013, the Scottish Government announced additional funding for advice services in Scotland to respond to the Government's welfare reform changes. We understand that this funding is being made available to national agencies and that details on how organisations can apply for this funding will be announced shortly.
- 2.11 The Council's Budget meeting on 7 February 2013 agreed to additional expenditure of £250,000 for welfare benefits advice and advocacy services, and £100,000 for income maximisation, to help meet the increasing demand on Third Sector agencies and the Council's own Advice Services due to Welfare Reform.
- 2.12 It should also be noted that the Council has re-focussed Social Justice Fund allocations to voluntary organisations in 2013-14 to give greater priority to access to employment and income maximisation within the total funding of £324,635. The Corporate Policy and Strategy Committee on 26 February 2013 agreed to additional grant funding of £67,000 shared equally between three Welfare Rights advice projects:

Social Justice Funding of welfare rights advice

Project	Narrative	Grant increase
Welfare Rights and Health Project	Increased welfare rights advice in 14 GP practices, primarily in areas of deprivation, to ensure that those most at risk of poor health outcomes receive the advice they need. Includes: debt management; representation at appeal tribunals; employability support; housing advice and casework and representation. Training /briefings for NHS staff on welfare reform and financial inclusion agenda also provided.	£22,333
CHAI Advice Service	Additional capacity within CHAI Advice Service in Wester Hailes and South Edinburgh to respond to increasing demand for advice and representation associated with Welfare Reform.	£22,333
Granton Information Project	Additional Welfare Rights/ Income Maximisation and Money Advice services in North Edinburgh to meet increased demand associated with Welfare Reform.	£22,333
Total		£67,000

- 2.13 Taking these allocations into account, it is proposed to allocate the additional £350,000 as follows:

Third Sector agencies

Citizen's Advice Edinburgh	£100,000
Community Ability Network (CAN)	£22,000
The Action Group	£15,000
FAIR	£15,000
COSS (Broomhouse and North Sighthill)	£7,000
	£159,000

Council Advice Services

Increased demand on Welfare Rights, Debt Advice, and Contact Centre	£106,000
Reversal of 2013-14 savings	£70,000

Support for former looked after children (0.5 WRO in Welfare Rights Team) £15,000

£191,000

TOTAL

£350,000

- 2.14 Citizen's Advice Edinburgh (CAE) operates five bureaux across the city: in central Edinburgh, Gorgie/Dalry, Leith, Pilton, and Portobello. The £100,000 grant will allow the five bureaux to increase their opening hours from three to four days a week to five days a week, with an increase in capacity of over 30% to help meet rising demand. Discussions are ongoing with CAE on how this additional capacity will be best used.
- 2.15 The Community Ability Network (CAN) provides benefits, money and debt advice for people in Craigmillar and additional funding of £22,000 will enable the project to support more volunteer workers and increase advice volumes. The Community One Stop Shop (COSS) provides benefits and debt advice, and a food bank, for people in Broomhouse and North Sighthill: the recommended grant of £7,000 will provide ten more hours per week of advice work.
- 2.16 The Action Group and FAIR both provide welfare rights advice to people with learning disabilities, including assistance with form-filling, attendance at disability benefits reviews, and representation at appeals. Grants of £15,000 to each agency will help them meet rising demand and increase opportunities for matched funding from charities.
- 2.17 Seventy thousand pounds is required to reverse the third year of savings in the Council's Advice Services, originally agreed in 2011 before Welfare Reform. A further £121,000 is recommended to increase capacity to address increased demand in the Welfare Rights and Debt Advice teams, and also within the Council's Contact Centre, associated with Welfare Reform. This sum includes £15,000 for an additional half time post within the Welfare Rights Team to support the Children and Families ThroughCare and Aftercare Team in their work with the 600 young people aged 16-21 who were formerly looked after by the Council, among whom the need for welfare rights advice is significant and increasing.
- 2.18 This brings the total Council investment in additional income maximisation, advice and advocacy services to £417,000 in 2013-14, of which it is recommended that £226,000 (54%) be provided as grant aid to Third Sector agencies.
- 2.19 Further work is being undertaken to consolidate a partnership approach to welfare benefits advice and advocacy services across the City and this will be reported to the Health, Wellbeing and Housing Committee in June. Committee is also asked to note that responsibility for the Welfare Rights service was transferred from Health and Social Care to Services for Communities from April 2013.

- 2.20 **Benefits cap** – Information on the Benefit Cap was provided in the previous report to committee on 22 January 2013. Below is an update on the latest position.
- 2.21 The UK Government had planned to introduce the cap nationally from 1 April 2013. However, its introduction will take place on a pilot basis in four London Boroughs from this date. The nationwide implementation will start in July 2013 and be completed by September 2013. The implementation date for Edinburgh has still to be announced.
- 2.22 Early indications are that around 50 families in mainstream Council, Housing Association and Private Sector tenancies within the City of Edinburgh Council area may be affected by this change. The DWP will identify the tenants affected and will provide a list in advance of when those claimants will be affected.
- 2.23 It is also anticipated 450 tenants living in temporary/supported accommodation will be affected by the Benefits Cap. (The total of 500 households affected is significantly lower than the figure of 840 Edinburgh households contained in the *People, Councils and the Economy* report discussed in paragraph 2.4 above, which in turn is based on Scottish Government work on the impact of the Benefits Cap; these figures are therefore being reviewed).
- 2.24 **Scottish Welfare Fund (SWF)** – Since the previous report, the Scottish Government has now provided details of funding for each local authority. Edinburgh will receive £132,609 to cover set up costs and £367,420 (2013/14) and £335,840 (2014/15) to meet administration costs.
- 2.25 The SWF will be managed by the Council and a new team has been established to deliver the service. The Scottish Government provided training to local authorities in February 2013 on a 'training for trainers' basis. Members of the new team were trained during March 2013, prior to the new service starting on 1 April 2013. This team is based within Corporate and Transactional Services Division of Corporate Governance.
- 2.26 To assist claimants a dedicated phone number has been set up. Arrangements are also in place to provide an out of hours emergency service.
- 2.27 The Finance and Budget Committee approved interim contract arrangements for managing the supply of furniture, white goods etc for Community Care Grants. This arrangement has been in place since 1 April. A longer term national contract is currently being procured by Scotland Excel. No date has been confirmed as to when this will be in place.
- 2.28 A consultation and launch event for Advice Agencies was hosted by the Council with 129 delegates from over 70 organisations ranging from third sector and advice organisations, Council wide stakeholders, housing associations, DWP and politicians.
- 2.29 **Discretionary Housing Payments (DHP)** provide short term emergency funding to tenants receiving Housing Benefit. Figures for the last three years suggest a growing demand for DHP support. The fund will provide support to the

- most vulnerable customers and a dedicated team within Corporate and Transactional Services has been set up to ensure consistency is applied to decisions, as well as monitoring the budget.
- 2.30 Edinburgh's DHP allocation from the DWP for 2013/14 is £1,347,299, substantially more than for 2012/13. Local authorities are able to increase the DWP allocation by up to 1.5 times from their own resources. This is known as "matched funding". It has not been possible to provide "matched funding" in the Council's 2013/14 budget and Edinburgh will operate within the DWP allocation stated above increase. Demand on this fund will be closely monitored to ensure the most vulnerable customers can be supported throughout the year. Future updates to the Committee on Welfare Reform will report on the demand for and allocation of DHP funds.
- 2.31 Early requests for DHP have been accepted as citizens attempted to mitigate the negative effect of changes from 1 April 2013 and awards have actually been made from this date. A DHP policy is currently being developed to ensure the allocation is distributed equitably to benefit recipients who meet the qualifying criteria.
- 2.32 **Council Tax Reduction Scheme (CTRS)** will replace the existing Council Tax Benefit scheme on 1 April 2013
- 2.33 It is essential that the scheme is administered appropriately to mitigate any effect on Council Tax collection and adversely impact revenue to the Council.
- 2.34 The Council will receive approximately £175,000 to cover set up costs and has completed IT upgrades necessary for the new scheme.
- 2.35 Annual Bills for 2013/14 have been issued including appropriate deductions under the CTRS.
- 2.36 The UK government have decreed that CTRS will be funded at a level equivalent to 2012/13 Council Tax Benefit less 10%.
- 2.37 Total funding of £22.1m to deliver the CTRS in 2013/14 has now been provided to the Council through the Local Government Finance Settlement, with an estimated further £5.2m to be provided based on the actual sums paid out by Councils in 2012/13. The Council had previously made provision within its Long-Term Financial Plan (LTFP) for the proportionate share of the agreed one-year Local Government contribution of £17m. Discussions concerning the adequacy of this sum to meet overall scheme liabilities in 2013/14 are continuing with the Scottish Government.
- 2.38 COSLA and the Scottish Government have agreed arrangements for 2013/14 but the position beyond that is unclear. Arrangements for the scheme for 2014/15 and beyond and their implications on the Council will be reported to the Committee as they become available.
- 2.39 **Council Tenants and Housing Services** – details of how changes to housing benefit will directly affect the way tenants of working age pay rent in relation to

the new Under Occupancy Regulations (also known as the Bedroom Tax) were given in the report of 22 January 2013

- 2.40 These changes will have implications for the way the Council collects rents and interacts with its tenants, with significant implications for rental income to the Council's Housing Revenue Account. It is estimated that approximately £2.7million of rental income will need to be collected directly from tenants as a result of reductions in Housing Benefit due to under-occupation. This is on top of approximately £1.2million that is currently collected from tenants who are on partial Housing Benefit. Any significant loss of income will have an impact on the Council's investment programme in new and current homes and could put core services at risk.
- 2.41 There are also significant implications for the Council's registered social landlord (RSL) partners. It is estimated that RSLs will be required to collect approximately £1.5m of rental income directly from tenants. This will also impact on RSLs business plans and investment programmes.
- 2.42 A report on managing rent arrears arising from Housing Benefit under-occupation restrictions will be considered elsewhere on the agenda of this meeting. This report was produced following consultation with Edinburgh Tenants Federation, Edinburgh Homelessness Forum and Shelter.
- 2.43 The new regulations for those who are under-occupying their homes apply from 1 April 2013. Tenants are being contacted by telephone or face to face by neighbourhood teams who are prioritising those who are most affected, are vulnerable or are already in rent arrears.
- 2.44 The DWP has issued clarification on the rules for under occupancy, notably:
- People who are approved foster carers will be allowed an additional room, whether or not a child has been placed with them or they are between placements, so long as they have fostered a child, or become an approved foster carer in the last 12 months.
 - Adult children who are in the Armed Forces but who continue to live with parents will be treated as continuing to live at home, even when deployed on operations. This means that the size criteria rules will not be applied to the room normally occupied by the member of the Armed Forces if they intend to return home. These changes apply to tenants in both social and private rented sectors and mean that Housing Benefit recipients who have adult children serving in the armed forces will not be subject to a non-dependent deduction, i.e. the amount that those who are working are expected to contribute to the household, until an adult child returns home.
 - Children who cannot share a room because of their disability will be entitled to their own bedroom. It will be up to local authorities to determine whether an additional bedroom is required on a case by case basis.
- 2.45 Information leaflets have been sent to all Council tenants with rent statements in November and January. This has been followed up with a postcard to all

tenants known to be affected by the change. A letter outlining the specific changes to housing benefit was sent to each affected household in February 2013. This confirmed to affected tenants that they can expect a 14% or 25% reduction in their Housing Benefit from 1 April 2013.

- 2.46 A detailed Benefit award letter has been issued to all affected tenants during March 2013 prior to the changes taking effect.
- 2.47 Open days have been held at all Neighbourhood offices, with staff from SfC, Revenues and Benefits, Income Maximisation, Housing agencies and other support agencies. These events have been well attended.
- 2.48 A radio advertising campaign highlighting the changes to Housing Benefit was launched on Radio Forth from 4 March 2013.
- 2.49 **Temporary and Supported Accommodation** - The subsidy arrangements for temporary accommodation are being changed by the DWP and will result in a loss of rental income from temporary accommodation. Residents in temporary accommodation are also likely to become responsible for paying their rent directly. Similar arrangements will be required to support these households in paying their rent to the Council.
- 2.50 Currently, supported temporary accommodation where the Council is the landlord is not exempt from Housing Benefit under-occupation restrictions or from the Benefits Cap. Similar schemes where the landlord is a housing association, registered charity or voluntary organisation are exempt. Discussions are currently underway between DWP and local authorities to address this anomaly. Updates will be provided to Committee once these discussions have concluded.
- 2.51 **Personal Independence Payment (PIP) to replace Disability Living Allowance (DLA)** - Details on the new arrangements were given in report of 22 January 2013 and will be further updated in the next report.
- 2.52 Receipt of PIP will also impact on other benefits such as the Blue Badge. There are further changes expected to the Motability Scheme. This is the scheme whereby someone in receipt of DLA mobility component can use the DLA to lease a car (often adapted for the disabled person). Where someone goes in to hospital, after 28 days, DLA is suspended. Where the claimant has a Motability car benefit is not suspended. In the future those with a Motability car will lose benefit in the same way as others, and this may result in the loss of the vehicle.
- 2.53 It is also important to note that people who have disabilities will also be affected by many of the other changes, including the under occupancy rules, universal credit, employment and support allowance reassessment, and more.
- 2.54 **Universal Credit (UC)** - An update was given to committee on 22 January 2013. DWP have not issued a revised timetable for the national rollout of UC. There are still no firm details of when claimants in Edinburgh will start to move on to UC but it is likely to be February/March 2014 before claimants in Edinburgh will

- be affected. Further updates will be given when more information is available from the DWP.
- 2.55 There was a concern from Local Authorities that UC would be increased by a fixed percentage amount in lieu of actual rent increases. The Department for Work and Pensions (DWP) has recently issued a letter to COSLA confirming that under UC the actual level of rent for Council and Housing Association tenants, and any future rent increases will be fully taken into account when assessing entitlement to UC.
- 2.56 **Pension Credit** – It was the Government’s intention that legislation covering the revised rules for Pension Credit would be introduced from October 2014. Following consideration of their IT options, it has been decided that the revised version of Pension Credit will be delivered on the strategic IT platform that will be available from October 2015.
- 2.57 Subject to final Ministerial approval, the DWP is looking to run a Pathfinder Project between October 2014 and October 2015. It is recommended that the Council does not volunteer to participate in this project, given the operational challenges already being faced and our participation in other areas such as the Direct Payment Demonstration Project (DPDP).
- 2.58 **Direct Payment Demonstration Project (DPDP)** - is designed to test the direct payment of Housing Benefit to the tenant rather than the landlord. This has been running since July 2012. It involves approximately 1,000 Dunedin Canmore Housing Association tenants of working age and is one of 6 pilots being run in the UK and the only one in Scotland.
- 2.59 It is due to run until June 2013 but may be extended by 3 to 6 months to take account of the under-occupancy regulations that come into effect on 1 April 2013. The purpose of the project is to learn lessons about the direct payment of Housing Benefit prior to the national roll-out of Universal Credit. To date about 92% of tenants are paying their rent to Dunedin Canmore HA on the day it is due.
- 2.60 **The Welfare Reform Strategic Planning Group** meets monthly and brings together Council and other stakeholders to co-ordinate action to manage and mitigate the effects of Welfare Reform.
- 2.61 As part of this role a communications plan for both Council and external services has been developed. This ensures consistent and relevant messages and advice about welfare changes is delivered.
- 2.62 Audit Scotland is currently assessing Council’s preparedness for Welfare Reform. Edinburgh has completed the assessment questionnaire they issued and the evaluation report is awaited.
- 2.63 Some local authorities are experiencing problems managing the changes arising from Welfare Reform due to staffing problems and skills shortages. In some cases relatively expensive temporary agency staff are having to be used. This is not an issue for Edinburgh but staffing requirements are being monitored.

3. Recommendations

3. It is recommended that the Corporate Policy and Strategy Committee:
- 3.1.1 notes the continuing progress on assessing the impact of welfare reforms and actions for developing partial mitigation strategies;
 - 3.1.2 agrees additional grant funding for income maximisation, welfare benefits advice and advocacy services, for Citizen's Advice Edinburgh (£100,000), Community Ability Network (£22,000), The Action Group (£15,000), FAIR (£15,000), and COSS (£7,000);
 - 3.1.3 notes that additional advice funding totalling £67,000 has already been agreed for the Welfare Rights and Health Project, CHAI Advice Service, and Granton Information Project;
 - 3.1.4 agrees additional expenditure on the Council's Advice services as set out in at paragraph 2.17 above;
 - 3.1.5 notes that the Director of Services for Communities will report to the Health, Wellbeing and Housing Committee in June 2013 on the Advice Services review;
 - 3.1.6 approves the recommendation not to volunteer to participate in the proposed Pathfinder Project for Pension Credit (given Edinburgh's involvement in the DWP's Direct Payment Demonstration Project); and
 - 3.1.7 notes the next progress update report will be 11 June 2013 (with a separate briefing to committee members in early May).

Alastair D Maclean

Director of Corporate Governance

Links

Coalition pledges

Council outcomes

Single Outcome Agreement

SO2 - Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health