

# Notice of meeting and agenda

## Corporate Policy and Strategy Committee

**10.00am Tuesday 3 December 2013**

Dean of Guild Court Room, City Chambers, High Street, Edinburgh

This is a public meeting and members of the public are welcome to attend

### Contact

Email: [louise.p.williamson@edinburgh.gov.uk](mailto:louise.p.williamson@edinburgh.gov.uk)

Tel: 0131 529 4264

## **1. Order of business**

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- 1.1 Including any notices of motion and any other items of business submitted as urgent for consideration at the meeting.

## **2. Declaration of interests**

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- 2.1 Members should declare any financial and non-financial interests they have in the items of business for consideration, identifying the relevant agenda item and the nature of their interest.

## **3. Deputations**

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If any

## **4. Minutes**

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- 4.1 Minute of the Corporate Policy and Strategy Committee of 5 November 2013 (circulated) – submitted for approval as a correct record.

## **5. Key Decisions forward plan**

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- 5.1 Corporate Policy and Strategy Committee Key Decisions Forward Plan January to March 2014 (circulated)

## **6. Business Bulletin**

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If any

## **7. Executive decisions**

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- 7.1 Welfare Reform – Further Update— report by the Director of Corporate Governance (circulated)
- 7.2 Working Groups – report by the Director of Corporate Governance (circulated)
- 7.3 Lothian Pension Fund Engagement Activities – report by the Director of Corporate Governance (circulated)
- 7.4 Corporate Performance Framework - Annual Update 2013 – report by the Director of Corporate Governance (circulated)
- 7.5 Risk Management Policy and Framework – report by the Director of Corporate Governance (circulated)
- 7.6 Nova Races 2014 to 2018 – report by the Director of Corporate Governance (circulated)

- 7.7 Corporate and Operational Governance – Update – referral from the Governance, Risk and Best Value Committee - report by the Head of Legal, Risk and Compliance (circulated)
- 7.8 Lord Provost’s Attendance at UNESCO Creative Cities Summit, Beijing – report by the Director of Economic Development (circulated)
- 7.9 Edinburgh Community Solar Cooperative Proposal – report by the Director of Services for Communities (circulated)
- 7.10 Edinburgh’s Multi-agency Domestic Abuse Policy – report by the Chief Social Work Officer (circulated)

## **8. Routine decisions**

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If any

## **9. Motions**

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If any

### **Carol Campbell**

Head of Legal, Risk and Compliance

## **Committee Members**

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Councillors Burns (Convener), Cardownie (Vice-Convener), Burgess, Chapman, Child, Nick Cook, Edie, Godzik, Ricky Henderson, Hinds, Lewis, Mowat, Rankin, Rose and Ross.

## **Information about the Corporate Policy and Strategy Committee**

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The Corporate Policy and Strategy consists of 15 Councillors and is appointed by the City of Edinburgh Council. The Corporate Policy and Strategy Committee usually meets every four weeks.

The Corporate Policy and Strategy Committee usually meets in the Dean of Guild Court Room in the City Chambers on the High Street in Edinburgh. There is a seated public gallery and the meeting is open to all members of the public.

## **Further information**

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If you have any questions about the agenda or meeting arrangements, please contact Louise Williamson, Committee Services, City of Edinburgh Council, Business Centre

2.1, Waverley Court, 4 East Market Street, Edinburgh EH8 8BG, Tel 0131 529 4264, e-mail [louise.p.williamson@edinburgh.gov.uk](mailto:louise.p.williamson@edinburgh.gov.uk) .

A copy of the agenda and papers for this meeting will be available for inspection prior to the meeting at the main reception office, City Chambers, High Street, Edinburgh.

The agenda, minutes and public reports for this meeting and all the main Council committees can be viewed online by going to [www.edinburgh.gov.uk/cpol](http://www.edinburgh.gov.uk/cpol).

## Corporate Policy and Strategy Committee

10.00 am, Tuesday, 5 November 2013

### Present

Councillors Burns (Convener), Cardownie (Vice-Convener), Burgess, Chapman, Child, Nick Cook, Edie, Godzik, Ricky Henderson, Hinds, Lewis, Mowat, Rankin, Rose and Ross.

### 1. Discretionary Housing Payments (DHP) Policy

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a) Lothian Federation of Anti-Bedroom Tax Groups - Deputation

The deputation expressed concern that many of their proposals to ensure that Discretionary Housing Payments (DHP) were made to tenants in need had been rejected. They outlined five new proposals for changes to the DHP Policy which they asked the Council to consider.

b) Report by the Director of Corporate Services

The Council had approved a Discretionary Housing Payments (DHP) Policy in response to the Welfare Reform Act 2012. Details were provided on a revised DHP Policy which had been drafted in response to additional funding provided by the Scottish Government.

### Decision

- 1) To approve the revised DHP policy as detailed in Appendix 1 to the report by the Director of Corporate Governance.
- 2) To note the response to questions raised by the Lothian Foundation at the Committee on 1 October 2013 as detailed in Appendix 2 to the report.
- 3) To assess the additional new proposals raised by today's deputation including any financial impact and bring back on 13 December 2013 as part of the regular report on Welfare Reform.
- 4) To request that the Director of Corporate Governance issues a detailed application form be issued with the letters being provided to residents who had not claimed DHP.

(References – Corporate Policy and Strategy Committee 4 December 2012 (item 4) and 1 October 2013 (item 2); report by the Director of Corporate Governance, submitted.)

## 2. Minute

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### Decision

To approve the minute of the Corporate Policy and Strategy Committee of 1 October 2013 as a correct record.

## 3. Corporate Policy and Strategy Committee Key Decisions Forward Plan December 2013 to February 2014

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The Corporate Policy and Strategy Committee Key Decisions Forward Plan for December 2013 to February 2014 was presented.

### Decision

- 1) To note the Key Decisions Forward Plan for December 2013 to February 2014.
- 2) To delete item 3 in future Key Decisions Forward Plans and note that the Committee in February would take place on 25 February 2014

(Reference – Key Decisions Forward Plan December 2013 to February 2014, submitted.)

## 4. Corporate Resilience Annual Report (1 October 2012 to 30 September 2013)

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Details were provided on Corporate Resilience activities and initiatives undertaken during the period 1 October 2012 to 30 September 2013.

### Decision

- 1) To note the resilience activities undertaken during the period 1 October 2012 to 30 September 2014.
- 2) To agree the reporting structure as detailed in Appendix 3 to the report by the Director of Corporate Governance.
- 3) To approve the proposed forward workplan as detailed in Appendix 4 to the report.

(Reference – report by the Director of Corporate Governance, submitted.)

## 5. Corporate Governance: Senior Management Structure – Revised Arrangements

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Details were provided on a further review of the Corporate Governance Senior Management structure which had been undertaken, together with proposed reporting arrangements.

### Decision

- 1) To approve the revised structure and reporting arrangements effective from 1 December 2013.
- 2) To delegate authority to the Director of Corporate Governance, in consultation with the Convener/Vice Convener to implement these revised arrangements and

thereafter, any remaining organisational changes, in line with relevant Council procedures.

(References – Corporate Policy and Strategy Committee 16 April 2013 (item 8); report by the Director of Corporate Governance, submitted.)

## **6. ICT and Digital Strategy**

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Details were provided on the development of the Council's Information and Communication Technology and Digital strategy.

### **Decision**

- 1) To approve the Information and Communication Technology and Digital strategy.
- 2) To note the Wave 1 plans.
- 3) To note the proposed launch events.
- 4) To approve on-going engagement to ensure the strategy remained informed by the views of stakeholders (eg citizens and businesses) and was based on accurate data.

(Reference – report by the Director of Corporate Governance, submitted.)

## **7. Contact in the Capital – Community Communications Pilots**

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The Council had instructed the Communications Service to carry out an analysis of communications channels and audiences, and develop innovative ideas and options for investment to improve two way communications between the Council and local communities.

Details were provided on options for pilot communications initiatives which aimed to improve the way in which the Council communicated with residents with a renewed emphasis on two way communications and local community driven initiatives.

### **Decision**

- 1) To agree to go ahead with all three of the proposed pilots, as detailed in Appendix 1 of the report by the Director of Corporate Governance.
- 2) To agree that the Communications Service work with Neighbourhood Partnerships, Community Councils and interested community groups and organisations; to actively support good practice, share expertise and establish sustainable community based communications initiatives.
- 3) To agree that £50,000 (allocated as per Appendix 1 of the report) be made available for developing these pilot projects, funded by a cross-charge to services, based on the historic cross-charge for 'Outlook' (the former Council newspaper); all subject to the following conditions:
  - (a) due financial and administrative diligence being undertaken for all three proposed, project-funded recipients;

- (b) the Director of Corporate Governance to undertake such due diligence, under delegated authority, in consultation with the Convener/Vice-Convener;
  - (c) that Committee receive an update report, within 3-months, outlining an interim financial action plan to include performance metrics, for each of the three pilots which would be developed in consultation with the relevant local ward members;
  - (d) that Committee receive a full report, evaluating the success of the three pilots, in 12-months.
- 4) To agree that an additional update report, highlighting (city-wide) successful community based communications initiatives, be reported annually. That report to include the possible use of funding to Community Councils/Neighbourhood Partnerships to encourage better communication. The report also to include investigation of reinvigorating the MyEdinburgh website.

(References – Act of Council No 18 of 22 November 2012; report by the Director of Corporate Governance, submitted.)

### **Declaration of Interests**

Councillor Hinds declared a non-financial interest in the above item as a family member was on the Board of North Edinburgh News.

## **8. Review of Events Governance**

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The Committee had agreed to carry out a review of events governance to be led by the Corporate Programmes Office with contributions from officers

The findings of the review of were presented together with the key principles to underpin the new processes and the next steps for the Review.

### **Decision**

- 1) To note the findings of the Review of Events Governance.
- 2) To approve the key principles to be incorporated into revised processes as shown in Appendix 2 to the joint report by the Directors of Corporate Governance and Services for Communities.
- 3) To note that a further report would be submitted to Committee on 25 February 2014 setting out the revised application and approval processes.

(References – Corporate Policy and Strategy Committee 6 August 2013 (item 6); joint report by the Directors of Corporate Governance and Services for Communities, submitted.)

## **9. Gaelic Language Plan 2012-2017 – Progress Report 2012/2013**

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The Gaelic Language Plan 2012/2017 had been approved by the Committee in September 2012. Details were provided on the progress that had been made to deliver the key commitments and agreed actions identified in the plan.



## **Decision**

To note the progress that had been made to deliver the agreed actions of the City of Edinburgh Council's Gaelic Language Plan 2012/2017.

(References – Policy and Strategy Committee 4 September 2012 (item 4); report by the Director of Corporate Governance, submitted.)

## **10. Towards an Edinburgh Autism Strategy – Summary of the Feedback from the Consultation on the Edinburgh Autism Plan for people with autism who do not have a Learning Difficulty**

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Details were provided on the consultation process and consultation feedback for the draft Edinburgh Autism Plan.

### **Decision**

- 1) To note the findings of the consultation.
- 2) To note the significant support for the priority areas identified in the draft Edinburgh Autism Plan.

(Reference – joint report by the Directors of Health and Social Care and Children and Families, submitted.)

### **Declaration of Interests**

Councillor Edie declared a financial interest in the above item as Chair of the Care Commission and left the meeting during the Committee's consideration.

## **11. Summary of the Edinburgh Autism Plan – A Plan for People with Autism without a Learning Difficulty**

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Details were provided of the main points in the Edinburgh Autism Plan for people with autism who did not have a learning disability.

### **Decision**

- 1) To note that Children and Families would work with key partners to develop a Children and Young People's Autism Plan for Edinburgh. This would be demonstrated by increasingly autism friendly environments across services for children delivered through;
  - A published framework for effective and consistent use of appropriate strategies which would impact positively on the well-being of children and young people with autism;
  - Use of an autism framework within the Integrated Child Planning Process;
  - A strategic programme of autism awareness and training across Children and Families' Services including an advanced training programme for targeted staff;
  - An audit of existing services for children and young people with autism with a view to identifying priorities for improvement.

- 2) To agree to improve service planning and develop shared training to support better transition between children and adult services to be demonstrated by:
  - Getting It Right Transition Planning allowing for collaboration of adult and children services to plan for next steps;
  - Transition groups running for young people of school leaving age, addressing skills of independence and social awareness;
  - Increased number of students supported in 5<sup>th</sup> and 6<sup>th</sup> years at High School, offering opportunities such as the JET programme, collaboration with agencies such as Enable and Caledonia Youth to support skills of independence and relationships.
- 3) To agree to complete an Integrated Care Pathway for young people in transition and adults with autism as outlined in the joint report by the Directors of Health and Social Care and Children and Families.
- 4) To note that the City of Edinburgh Council and local housing associations would seek opportunities for supported housing for adults with autism and who did not have a learning disability, and promote autism awareness training amongst front line staff.
- 5) To note that people with autism would be actively encouraged to participate in proposed employment initiatives in the City; Project Search, a model to assist young people with disabilities gain employment and Edinburgh Guarantee Plus.
- 6) To agree that the Council put in place strategies to support employees with autism at work, such as training for managers on supporting people with autism in the workplace and for employees with autism (e.g. on autism awareness and managing anxiety at work).
- 7) To agree that refresher autism awareness training for Jobcentre Plus staff should be run annually.
- 8) To the Directors of Health and Social Care and Children and Families to consider how to provide/promote volunteering experiences for people with autism.
- 9) To welcome the Autism Champions Initiative and note that an Edinburgh Autism Awareness booklet and an e-learning Autism Awareness module for staff had been developed.
- 10) To note that the Council supported training for carers and that the Council, in partnership with PASDA, (a local support services for carers of adults with autism) had commissioned training for carers to build family's skills in supporting people with autism.
- 11) To ask the Directors of Health and Social Care and Children and Families to ensure that current information and advice, information and mentoring services in the city for adults with autism were sustainable and consider ways to increase these services in the city.

- 12) To note that the Council and its partners were to celebrate World Autism Day on 2 April 2014, which promoted awareness of autism in the city.
- 13) To note that the Edinburgh Autism Plan group would reconvene to consider the on-going monitoring and governance of the Edinburgh Autism Plan. Its membership was to be reviewed to ensure representation from key stakeholders.
- 14) To agree that a costed action plan for this strategy be developed in 2014, once the national funding situation was clearer and the autism care pathway had been completed.
- 15) To agree to submit the plan to the Government in November 2013.

(Reference – joint report by the Directors of Health and Social Care and Children and Families, submitted.)

#### **Declaration of Interests**

Councillor Rankin declared a non-financial interest in the above item as a Trustee of Autism Initiatives.

Councillor Edie declared a financial interest in the above item as Chair of the Care Commission and left the meeting during the Committee's consideration.

## **12. Review of Community and Accessible Transport Programme Update**

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An update was provided on the progress of the review of Community and Accessible Transport which commenced in April 2013.

#### **Decision**

- 1) To note the six work streams involved in the review.
- 2) To note the governance arrangements surrounding the review.
- 3) To note the scope and key deliverables of the programme.
- 4) To note that a further update report would be provided in six months.

(Reference – report by the Director of Health and Social Care, submitted.)

#### **Declaration of Interests**

Councillor Edie declared a financial interest in the above item as Chair of the Care Commission and left the meeting during the Committee's consideration

## Corporate Policy and Strategy Committee

January to March 2014

Item	Key decisions	Expected date of decision	Wards affected	Director and lead officer	Coalition pledges and Council outcomes
1.	Future of Meadowbank Sports Centre and Stadium	21 January 2014		Director: Alastair Maclean Lead Officer: Stephanie-Anne Harris, Strategic Development Manager <a href="mailto:Stephanie-anne.harris@edinburgh.gov.uk">Stephanie-anne.harris@edinburgh.gov.uk</a>	CO24-26
2.	Council Grants to Third Parties - (i) Proposed Grants Expenditure for 2014/15 and (ii) Review Product and Implementation Plan proposals	25 February 2014		Director: Alastair Maclean Lead officer: Nick Croft, Equalities Manager <a href="mailto:Nick.croft@edinburgh.gov.uk">Nick.croft@edinburgh.gov.uk</a>	CO24-26
3.	Review of Events Governance	25 February 2014		Director : Mark Turley	CO24-26

Item	Key decisions	Expected date of decision	Wards affected	Director and lead officer	Coalition pledges and Council outcomes
4.	Grievance/Discipline	25 February 2014		Director: Alastair Maclean Lead officer: Elaine Wishart, Employee Relations Officer <a href="mailto:Elaine.wishart@edinburgh.gov.uk">Elaine.wishart@edinburgh.gov.uk</a> Philip Barr, Head of Human Resources <a href="mailto:Philip.barr@edinburgh.gov.uk">Philip.barr@edinburgh.gov.uk</a>	CO24-26
5.	Welfare Reform – Further Update	25 February 2014		Director: Alastair Maclean	CO24-26
6.	Employee Survey Update	25 March 2014		Director: Alastair Maclean Lead officer: Steven Wright, Development Partner <a href="mailto:Steven.wright@edinburgh.gov.uk">Steven.wright@edinburgh.gov.uk</a>	CO24-26

# Corporate Policy and Strategy Committee

10.00am, Tuesday, 3 December 2013

## Welfare Reform – further update

Item number	7.1
Report number	
Wards	All

### Links

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Coalition pledges	
Council outcomes	
Single Outcome Agreement	<a href="#">SO2</a>

### Alastair D Maclean

Director of Corporate Governance

Contact:

Danny Gallacher – Head of Corporate and Transactional Services

E-mail: [danny.gallacher@edinburgh.gov.uk](mailto:danny.gallacher@edinburgh.gov.uk) | Tel: 0131-469-5016

Eileen McHale, Welfare Reform Team Manager

E-mail: [eileen.mchale@edinburgh.gov.uk](mailto:eileen.mchale@edinburgh.gov.uk) | Tel: 0131-469-5087

## Welfare Reform – further update

### Summary

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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.

The Scottish Legal Aid Board (SLAB) was asked by Scottish Government and Money Advice Service (MAS) to run a new funding programme. The Board approved an upper limit of £7.45m made up of £5.1m from Scottish Government and £2.35m from MAS.

Dunedin Canmore, CHAI, CEC Advice Shop and Prospect Community Housing together with their partners have made successful bids for this funding and have recruited staff to mitigate the impact of the increased demand on their welfare rights and debt advice services.

The Scottish Government have published information on the overall spend on Community Care Grants and Crisis Grants for all Local Authorities for July and August. They will shortly provide information to confirm the overall spend for the second quarter of the new Scottish Welfare Fund.

The new regulations for people receiving Housing Support who are considered to be "under-occupying" their home were applied from 1 April 2013. Currently 3420 Council tenants are affected by these changes and the Council continues to engage with those affected. Discretionary Housing Payments (DHP) continue to provide short term emergency funding to tenants receiving Housing Benefit and this fund is being used to support the most vulnerable citizens.

The Scottish Government and the DWP have each made £20m additional funding available to supplement DHP budgets for 2013/14. In light of this significant injection of additional funding and urgent review of our DHP policy was instigated and presented to Committee on 5 November. The DHP team has been extended to mitigate the impact of the increased demand on the DHP fund.

A report on the re-designation of properties was presented to the Health, Wellbeing and Housing Committee on 10 September and agreed to refer the report to Corporate Policy and Strategy Committee without recommendation. The report was considered by Corporate Policy and Strategy Committee on 1 October and the recommendations in the report were agreed.

Registered Social Landlords (RSLs) continue to indicate that they are unlikely to follow the Council's initiative on not evicting tenants for non-payment of rent due to the under-occupancy regulations. Some RSLs have begun to share their position on their current rent arrears levels.

A meeting took place between the Leader of the Council and David Mundell MP, Parliamentary Under-Secretary (Scotland Office) on Wednesday 30 October as part of an on-going dialogue with local authorities in Scotland to discuss the Government's welfare reform policies. A comprehensive briefing note was presented to the Minister, detailing the impacts of welfare reform on Edinburgh. This briefing note is attached as appendix 1.

The Welfare Reform Working Group structure has now been established with representatives from elected members, key stakeholders and officer support, with the first meeting being held on 12 September. The joint working group will monitor the implementation and impact of various changes and contribute to consideration of further measures to support tenants.

The Welfare Reform Working Group, Core Group and Partners Forum have been established, meet quarterly and the groups share information on the strategic plans to mitigate the impact of increased demands on services. The Welfare Reform Working Group is the lead group.

## Recommendations

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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. notes the completion of the Benefit Cap stock cases and the change to business as usual approach has resumed;
3. notes Edinburgh's future involvement in the Local Support Services Framework;
4. notes a bid for the DWP additional DHP funding has been submitted; and
5. notes the next progress update report will be 4 February 2014 (with a separate briefing to committee in early January).

## Measures of success

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The success of the programme to mitigate the effects of Welfare Reform will continue to 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

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As reported previously 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 or budgetary options for the investment required in mitigation measures.

Known risks include:

- Loss of rental income to Housing Revenue Account (HRA) arising from Housing Benefit under-occupation reforms and Direct Payment under Universal Credit.
- Scottish Welfare Funds will be insufficient to meet demands from customers.
- DHP budget is insufficient to meet demands due to changes in welfare reform.
- 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.
- An anticipated reduction of expenditure by 20% on current levels by the replacement of Disability Living Allowance by Personal Independence Payments.
- Increased demand on advice and advocacy both for the Council and Third sector advice agencies.

## **Equalities impact**

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

## **Sustainability impact**

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

## **Consultation and engagement**

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

Emphasis continues to be on engagement with citizens, both in and out of work, who rely on benefit income and tax credits. The priority is to continue to provide information, advice and support, directly by the Council and in conjunction with independent advice agencies and major partners.

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

## **Background reading / external references**

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Recent reports to committee:

[Welfare Reform – Discretionary Housing Payments Policy](#) – Corporate Policy and Strategy Committee, 5 November 2013

[Welfare Reform – Update – Corporate Policy and Strategy Committee](#), 1 October 2013

[Welfare Reform – further update](#) – Corporate Policy and Strategy Committee, 6 August 2013

[Welfare Reform – further update – Corporate Policy and Strategy Committee, 11 June 2013](#)

[Welfare Reform – further update - Corporate Policy and Strategy Committee, 16 April 2013](#)

[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

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- 1.1 The Corporate Policy and Strategy Committee agreed on 22 January 2013 to continue monitoring the Council's actions to mitigate the impact of Welfare Reform and requested further update reports every two months, the last report being considered on 1 October 2013.

### 2. Main report

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- 2.1 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 negative impacts of welfare reform. The progress on issues are reviewed below.

#### 2.2 Mitigation Actions

- 2.2.1 Scottish Legal Aid Board Funding was reported to Committee on 1 October 2013. The Scottish Legal Aid Board was asked by the Scottish Government and the Money Advice Service (MAS) to run a new funding programme.

The Scottish Government and MAS agreed that the Board will focus on specific priorities for funding, and there were three main funding streams under which applications were invited:

##### **Stream 1 – community-wide advice**

##### **Stream 2 – helping tenants of social landlords**

##### **Stream 3 – thematic stream**

- 2.2.2 The Board has approved funding at an upper limit of expenditure of £7.45million by way of grants in the period to the end of March 2015 for this new programme, made up of £5.1million available from Scottish Government and £2.35million available from MAS.
- 2.2.3 Dunedin Canmore Housing Association together with partners Port of Leith Housing Association and Hillcrest Housing Association received funding of £105,437 to deliver the "Well Fairer Project". They have employed 2 full-time Welfare Rights/Income Maximisation officers who will deliver an outreach model of Welfare Rights Advice and Income Maximisation services which provides client representation in relation to benefit reform and signposting to other useful services.
- 2.2.4 CHAI together with partners Granton Information Centre and the Cyrenians Homelessness Prevention Service received funding and have recruited 3 x 0.66

full time equivalent advice officers for 3 days per week in each of the partner agencies. The primary focus is to increase capacity of each agency to respond to requests from the public for advice, information and representation around Welfare Reform and debt issues. The partners will also seek to engage with their local Employability Intermediaries involved in the City Employability Hubs to offer specific support to their service users who are impacted by Welfare Reform issues.

- 2.2.5 The City of Edinburgh Council's (CEC) Advice Shop together with partners CEC Community Learning and Development and Citizens Advice Edinburgh received funding of £160,000 to deliver their project to improve the customer journey. The partners have employed 2.5 full-time equivalent Welfare Rights Officers to undertake first tier appeals, provide outreach at the Citizens Advice Bureaux, support Community Learning and Development to help customers with form filling, and improve the Council's Advice Line's capacity to provide excellent initial information and advice and develop more joined up working across advice agencies and partner organisations.
- 2.2.6 Prospect Community Housing together with their partners CHAI, CEC South West Local Office and Cyrenians received £60,000. They have recruited a Welfare Rights officer to deliver local outreach sessions in 5 locations throughout the South West area, these sessions allow drop in and appointment based interviews.

### **2.3 Advice Services in Edinburgh**

- 2.3.1 Funding of £350,000 was agreed by Council at the February budget meeting for additional advice services and income maximisation in 2013/14. The report contained recommendations on allocating this funding to Citizens Advice Edinburgh, other Third Sector agencies and the Council's own Advice Services.
- 2.3.2 A recruitment and selection process is now complete and new debt advice and welfare rights staff commenced employment in November 2013. This has enhanced the Advice Shop's capacity to provide debt and money advice to customers and has enabled greater provision of welfare rights advice to those making contact through the Advice Line and those who require assistance with welfare benefit appeals.
- 2.3.3 Internal improvements are underway at the Advice Shop to enable a more efficient advice provision from first contact through to specialist tribunal provision.
- 2.3.4 Improved links have been developed with Community Learning and Development and resources are now in place to enable form filling to be undertaken swiftly in the community rather than bringing customers into the Advice Shop.
- 2.3.5 Debt advice links with Citizens Advice Bureaux (CAB) continue to be maintained in face of increased pressures and support for CAB to take on debt advice cases has been enhanced.

2.3.6 Advice Agency and DWP forum continues to meet every 6 weeks, bringing together many advice agencies, Council service areas, NHS and other interested parties. This is chaired by the Advice Services Manager. The forum discusses Welfare Reform developments, shares information and plans operational improvements for example training, co-ordination of welfare benefit appeals capacity.

2.3.7 Advice services are currently working on a report to measure the impact of Welfare Reform on their service area, an update on this will be available for the next Committee update.

## 2.4 **Benefit Cap**

2.4.1 As reported to Committee on 1 October 2013 this is a measure introduced by the Government which places a maximum amount that a claimant can receive in total from State Benefits, Tax Credits and Housing Benefit. The limit is £350 per week for a single person and £500 per week for a married couple or single parent. The UK Government introduced the cap on a pilot basis in four London Boroughs from 15 April 2013.

2.4.2 Tranche 2 of the implementation commenced in Edinburgh on 12 August 2013 and the final cases were received 30 September 2013.

2.4.3 A data scan took place in May 2013, where the DWP gathered information on all Benefit recipients who were affected by the Benefit Cap. These were known as Benefit Cap stock cases. There have been a total of 459 Benefit Cap stock processes received and the dedicated benefit processing team have dealt with all of these.

2.4.4 The joint working team was introduced to engage with customers identified from the stock cases who were affected by the Benefit Cap. This exercise was completed on 18 October 2013.

2.4.5 The purpose of the joint working team was to engage with all customers affected by the Benefit Cap to mitigate the risk of rent arrears by early intervention.

2.4.6 The outcomes from this arrangement to date are:

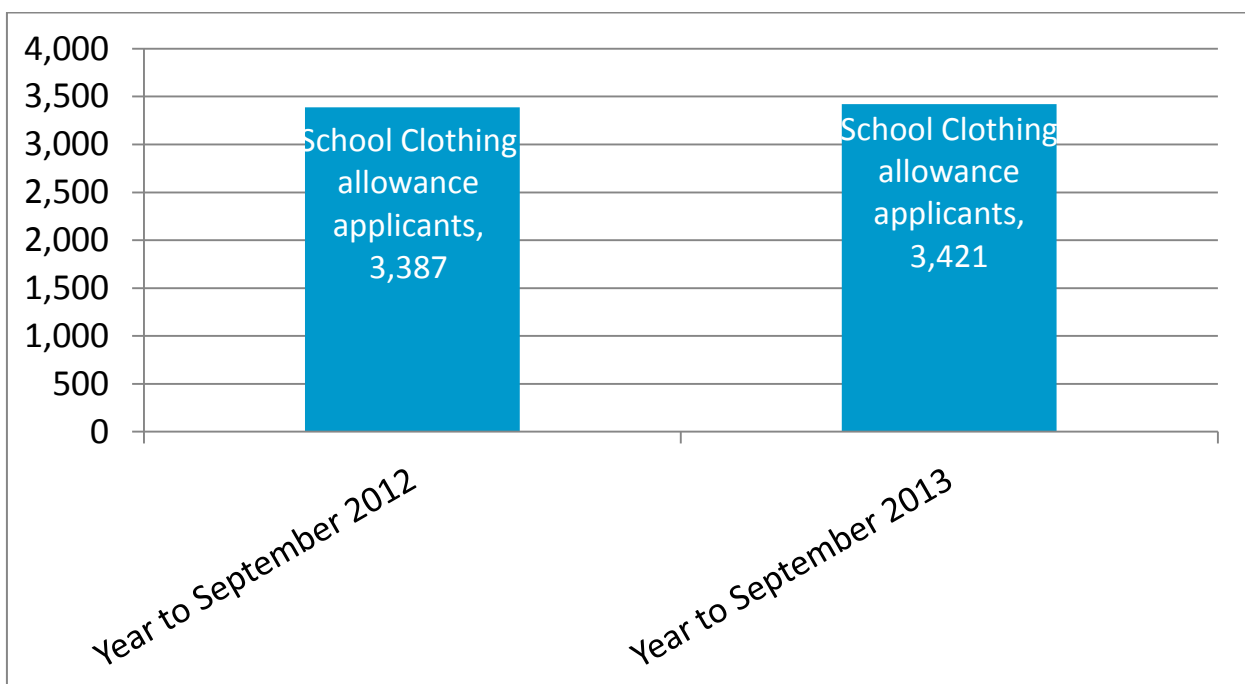
- attempted to contact 79 customers;
- appointments made for 67 customers (14 failed to attend);
- 19 customers are currently engaging with Jobcentre Plus; and
- 5 customers have found employment.

2.4.7 The DWP have recognised the excellent working between DWP and LAs which included co-location and joint working arrangements that were put in place across the country to enable successful national implementation.

2.4.8 The Benefit Cap stock cases are now complete. Therefore a business as usual approach has been resumed. However, the close links between the Council and DWP will continue to support customers who are affected, to provide focused advice and assistance.

## 2.5 Indicators of Hardship

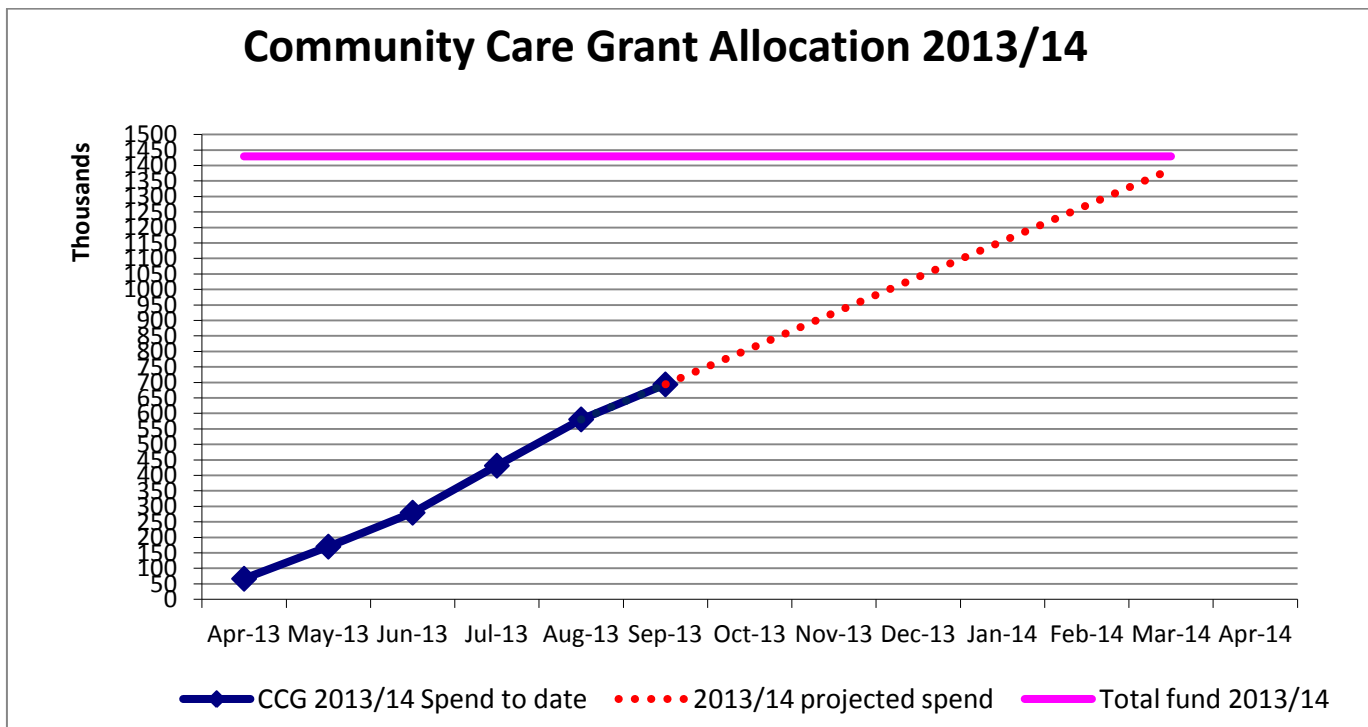
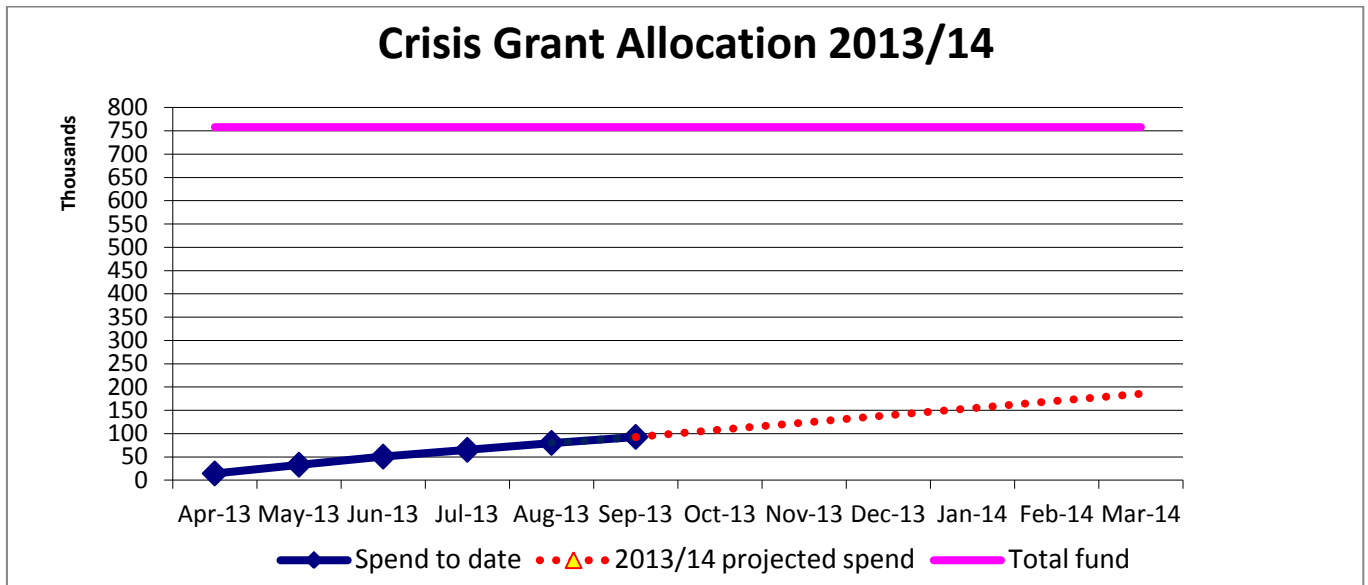
2.5.1 Free School Meals and clothing allowance claimants - There has been an increase of 3% in free school meals claimants from 2012 to 2013 for the period April to September. There was a smaller increase (1%) of school clothing allowance claimants from 2012 to 2013 for the same period. This may be revised up as further claimants are processed for 2013. This information is traditionally used to indicate areas of hardship and data would suggest there is a slight increase in this area.



**2.6 Scottish Welfare Fund (SWF)**

2.6.1 Information on the Scottish Welfare Fund was reported to Committee on 1 October. At the end of September 2013 a total of £693,491.50 has been awarded for Community Care Grants and a total of £92,709.90 has been awarded for Crisis Grants.

2.6.2 Crisis Grants and Community Care Grants continue to be considered at all 3 priority levels and this will continue as both remain within budget.



2.6.3 There continues to be a considerable under spend of the Crisis Grant Fund, therefore the following mitigating actions have been taken:

- raising awareness of the Scottish Welfare Fund through leaflets, job shadowing and meetings with internal and external customers;
- meetings with the 3 main food banks in Edinburgh;
- supermarkets have been approached to discuss their involvement in the distribution of non perishable food items to the food banks; and
- upgrade our ICT platform to allow the transfer of funds between the Crisis Grants and Community Care Grants.

2.6.4 SWF is increasingly important in the mitigation against hardship particularly as other Welfare Reforms are implemented. In light of this the SWF Scottish Government guidance was amended on 3 October 2013 to relax the restrictions that were previously in place to mitigate the risk of any future under spend.

2.6.5 Monthly monitoring procedures remain in place to mitigate the risk of overspending the Scottish Welfare Fund.

2.6.6 The target for assessing applications for Community Care Grants is 15 working days. Applications continue to be assessed within 5 and 7 working days.

2.6.7 The target for assessing applications for Crisis Grants is 2 working days. Applications are currently being assessed within this timescale.

2.6.8 Between 1 September and 7 October 2013 there have been 3 Community Care Grant 2<sup>nd</sup> tier review panel meetings. The Panel made the decision to uphold 2 customer appeals and award goods in respect of the other as further information was received.

2.6.9 There were no Crisis Grant 2<sup>nd</sup> tier review meetings between 1 September and 7 October 2013.

2.6.10 The Scottish Government provided details of the awards of Community Care Grants and Crisis Grants for all Scottish Local Authorities up to 31 August 2013. The table below shows City of Edinburgh's performance against the Scottish average:

**OVERALL SPEND – Community Care Grant and Crisis Grant from July 2013**

Local Authority	CCG & CG total Annual £	CCG & CG total 12 Month Profile £	CCG & CG total July 2013 Actual £	CCG & CG Total Aug 2013 Actual £	CCG & CG YTD Spend	CCG & CG Aug 2013 Monthly %	CCG & CG total YTD Annual Spend %
City of Edinburgh	2,187,628	182,303	165,604	164,225	659,817	90	30
Scotland Total	32,995,240	2,749,600	1,751,893	1,894,101	7,251,157	69	22



## **Welfare Reform Issues Affecting Council Tenants and Housing Services**

- 2.6.11 **Council Tenants and Housing Services** – Monitoring the impact of Welfare Reform on tenants' shows that at the end of September 2013 there were 3,319 Council tenants receiving Housing Benefit and affected by the Social Sector Size Criteria or Under Occupancy Regulations.
- 2.6.12 This equates to 2,954 tenants (89%) having a 14% reduction and 365 tenants (11%) having a 25% reduction in their Housing Benefit entitlement.
- 2.6.13 Prior to the April 2013 changes which was the implementation date for Under Occupation, 969 (27%) of affected tenants were in arrears. By the end of September 2013 the number of affected tenants in rent arrears increased to 2,523 (76%).
- 2.6.14 The Benefit Cap which was introduced in Edinburgh on 12 August 2013 has affected 19 council tenancies to date.
- 2.6.15 Services for Communities (SfC) have developed an action plan to promote the availability of additional DHP to Council tenants affected by Under Occupation and the Benefit Cap. This includes raising general awareness and targeting those on Housing Benefit who are not currently in receipt of DHP this includes providing advice and assistance to tenants who need support to make an application.
- 2.6.16 Further transitional funding of £109,594 has been provided by the DWP for 2013/14 which is to be used for the prevention of homelessness and to assist those tenants most adversely affected by the welfare reform changes.
- 2.6.17 A dedicated team has been set up within SfC which will consist of 6 to 8 Income Maximisation Advisers with some relevant housing and benefit experience. The team's role is to provide housing options advice, budgeting support to minimise rent arrears, support to those in receipt of DHP to find longer term solutions and ensure people are receiving the appropriate support in relation to finding employment.
- 2.6.18 The next step is to focus on preparing for the introduction of Universal Credit and the impact that direct payment of benefit will have for tenants and the Council. Planning for the implementation of Universal Credit will include changes to the rent services and operational systems to manage monthly direct payments that minimise the impact on income collection. Work will also look to achieve a shift in payment culture to move more tenants on to secure payment methods and work to ensure that tenants can access suitable financial products and services. An update on the progress of these initiatives will be provided in the next Committee update.

## 2.6.19 Social Housing Stock by Size and Ideal Number of Bedrooms Required by EdIndex Applicants.

Bedrooms	0	1	2	3	4 +	Total
Number of Council Homes	302	5,476	10,280	3,478	543	20,079
Number of RSL Homes	601	7,986	5,659	2,118	512	16,876
Total Social Homes	903	13,462	15,939	5,596	1,055	36,955

Source: Council stock information, Scottish Government returns as of 31 March 2013, RSL stock information, Scottish Housing Regulator 2012/13; Size of home required, EdIndex applicant analysis as of 17 October 2013

2.7 **Temporary and Supported Accommodation** – Under occupation regulations currently affects 300 properties within the temporary accommodation estate and 41 homeless households have had their Housing benefit reduced as a result.

2.7.1 The DWP has identified that 59 households in temporary accommodation are affected by the Benefit Cap. However some of these are exempt, have transferred to cheaper accommodation or their household income has changed. As a result there are only 37 tenants who currently occupy temporary accommodation who are affected by the Benefit Cap.

2.7.2 An action plan to mitigate the impact of the Benefit Cap for people in temporary accommodation as well as mainstream Council homes is being taken forward. This includes ensuring tenants are aware of the changes as early as possible, visiting all affected households to provide advice and guidance on housing options and income maximisation.

2.7.3 Exemption for supported temporary accommodation is dealt with differently depending on who is the landlord. No Scottish local authorities are exempt from capping. However a number of rural and county local authorities in England are exempt as are all non local authority providers. A COSLA appeal for all supported temporary accommodation to be exempt remains outstanding.

2.7.4 Work is underway to remodel rent charging across temporary accommodation for 2014/15 to reduce the impact of the Benefit Cap.

## 2.8 Under Occupation Regulations

2.8.1 As reported to Committee on 1 October 2013, The Welfare Reform Working Group which includes elected members, representatives from Corporate and Transactional Services, Services for Communities, RSL's and tenants representatives has been established. The role of the working group is to monitor the implementation and impact of various benefits changes and to contribute to consideration of further measures to support tenants.

- 2.8.2 The remit for the group has been approved by the members of the coalition and the first meeting took place on 12 September 2013. The group meet quarterly and the next meeting is scheduled for 10 December 2013.
- 2.8.3 RSL's continue to indicate that they are unlikely to adopt a "No Evictions" policy for those tenants who have accrued rent arrears purely as a result of under-occupancy regulations.
- 2.8.4 The Corporate Policy and Strategy Committee on 16 April 2013 requested a report on the redesignation of bedrooms. This was presented at the Health, Wellbeing and Housing Committee on 10 September 2013 it was decided to refer the report to the Corporate Policy and Strategy Committee without recommendation.
- 2.8.5 The exploration of re-designation of bedrooms in Council homes was reported to the Corporate Policy and Strategy Committee on 1 October 2013. Committee agreed with the recommendations of the report and agreed to write to Lord Freud to seek an urgent meeting to clarify the precise nature of the regulations governing re-designation of bedrooms and requested a further report within two cycles on the implementation of re-designation.
- 2.8.6 RSL's have been approached to seek their agreement to provide current information on their rent arrears for publication in future Committee Reports on Welfare Reform.
- 2.8.7 A positive reaction was received from 7 RSLs who are willing to share their arrears information, 4 of which have advised they are willing to be named in the Committee report, 1 wishes to remain anonymous and 2 have yet to confirm.
- 2.8.8 To date only 3 RSLs have provided information on their rent arrears position. The table below is a comparator for Council and RSLs arrears position to housing stock as at the end of September;

L/L Name	Housing Stock	% of stock with 1 bedroom	Number Under Occupying	14%	25%	Current Arrears	Arrears at the end of 2012/13	Arrears Increase as a %
Council	20,079	27%	3,319	2,954	365	£4,654,119	£2,008,749	132%
Port of Leith HA	2,383	56%	106	93	13	£377,265	£312,930	21%
Prospect Community Housing	896	23%	96	78	18	£150,499	£137,522	9.4%
Lister HA	185	12%	17	13	4	£16,081.88	£13,224.79	22%

- 2.8.9 The Council has experienced a greater increase in rent arrears in the first six months of this year than the three other landlords referred to, as detailed above. However, indications from other LAs are that most are experiencing significant increases in arrears. Joint action is being taken between the Benefits Team and

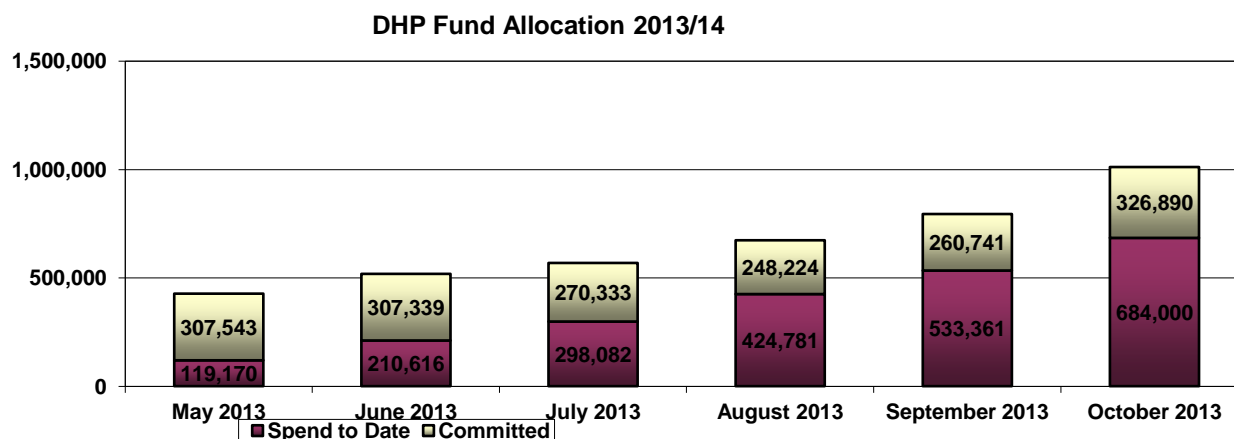
the Council's Housing Service to reduce the backlog of Housing Benefit cases for Council tenants.

- 2.8.10 As a result of the quarterly ministerial meeting on Welfare Reform, on 14 August 2013 officers from Scottish Government and COSLA met to explore issues and develop joint recommendations to mitigate Welfare Reform impacts on Local Government.
- 2.8.11 The focus of the Scottish Government and COSLA is on the impacts on housing, the risk to rental income, the pressure on people's capacity to meet their housing costs and the pressure on joint aspirations regarding homeless prevention. A joint paper was presented to Ministers and COSLA leadership and was also considered by the Welfare Reform Corporate Group on 9 October.
- 2.8.12 Lord Freud reported that the DWP proposed to allocate a further £35m to local authorities to support claimants with under occupancy. It was also reported that the UK Government are not prepared to make changes to the current under occupancy policy, including the rules surrounding Local Authority temporary accommodation in Scotland.
- 2.8.13 From the proposed £35m, Edinburgh received transitional funding allocation of £109,594, which was paid during August to fund activities to assist claimants affected by Welfare Reform over a transitional period. The funding requires to be spent during 2013/14.
- 2.8.14 It was proposed to establish a short life Welfare Reform transition group of between 6 and 8 staff who will provide advice and assistance to claimants whose benefit has been most adversely affected by Welfare Reform. This team will focus on Council tenants and customers who are homeless and in temporary accommodation and are affected by either the Benefit Cap or Under Occupation.
- 2.8.16 This proposal was agreed at the Committee meeting on 1 October.
- 2.8.17 The DWP has made £20m available from the proposed £35m to top up the LAs DHP allocation. Edinburgh has made a bid for a share of this fund, the outcome will be reported at the next Committee meeting.

## 2.9 Discretionary Housing Payments (DHP)

- 2.9.1 As at 31 October 2013 there have been a total of 2,807 DHP claims considered. There are 1,804 ongoing awards, 55 one off payments and 948 refusals. The refusal rate for DHP applications for the period 1 April 2013 to 30 September 2013 was approximately 35%. However for the period 1 October 2013 to 31 October 2013 the refusal rate has decreased to 19%. This is as a result of the implementation of the new DHP Policy. Previous refusals and partial awards for the period 1 April 2013 to 30 September 2013 are being reviewed. Over 90% of awards are related to under occupancy and 95% of refusals are due to the applicant having sufficient income to meet the shortfall in their rent.

2.9.2 The DHP budget for 2013/14 is £3,555,182. As at 31 October 2013 there has been a total DHP spend of £684,000 with a committed spend of £326,890 to 31 March 2014. A total DHP of £2,544,291 remains unallocated, therefore the actual spend is 19% and the committed spend is 9% of the budget.



2.9.3 As at 31 October 147 applicants have requested a reconsideration (appeal).

2.9.4 The Committee meeting of 1 October 2013 agreed to delegate authority to the Director of Corporate Governance to use the additional funding available from Scottish Government with immediate effect.

2.9.5 An urgent review of the DHP policy was instigated and presented to Committee on 5 November 2013. Further consideration is to be given at December's Corporate Policy and Strategy meeting under separate cover. A communication strategy, including an advertising campaign has been implemented to ensure all Benefit recipients are aware of the DHP fund.

2.9.6 Over 4000 DHP application forms have been issued to all under-occupied properties with an invitation to apply for assistance.

2.9.7 The DHP team has been extended to mitigate the increased demand on applications for DHP.

2.9.8 The DWP have also made £20m additional funding available to supplement DHP budgets. The Council have made a bid for this funding. Further updates regarding this will be reported at the next Committee meeting.

2.9.9 All DHP claims received between April and September 2013 are currently being reviewed in line with the new policy to ensure a fair and consistent approach is achieved. This is expected to increase the level of successful claims considerably.

2.9.10 The Deputy First Minister announced at the SNP Conference on 18 October that there will be additional Scottish Government funding of £20m made available for 2014/15 for Councils to top up their DHP fund. It is expected that the funding will be on a similar basis to the £20m that was made available for 2013/14. However further clarification is required.

## **2.10 Welfare Reform Affecting Disabled People**

2.10.1 As previously reported there have been 2 main reforms:

- the ongoing replacement of Incapacity Benefit and related benefits by Employment and Support Allowance (ESA); and
- the phased replacement of Disability Living Allowance (DLA) by Personal Independence Payments (PIP).

2.10.2 The DWP no longer accept new claims for DLA from anyone aged 16-64, unless they are making a renewal claim from a fixed term DLA award which is due to expire.

2.10.3 On 7 October 2013, some existing recipients of DLA began to be transferred to PIP and around October 2015 all remaining claimants in receipt of DLA will be invited to make a claim for PIP. DWP will randomly select those recipients of DLA in receipt of an indefinite award or a fixed term award, and notify them about what they need to do to claim PIP. They will invite claims as early as possible from recipients who have turned 65 after 8 April 2013, when PIP was first introduced. The intention is that this process will be completed by October 2017.

2.10.4 As previously reported the new benefit is expected to bring an anticipated reduction of expenditure by 20% on current levels, it is also anticipated that 55% of current DLA recipients will receive a reduced benefit or will be refused PIP when the reassessment takes place.

2.10.5 The new benefit has a three stage claim process and a two stage appeal process, compared with the current 1 stage for each.

2.10.6 There will be no automatic re-assessment for PIP.

2.10.7 By May 2018 the reduction in income for disabled people in Edinburgh continues to be estimated at over £19m per annum (based on current 2013/14 benefit rates).

2.10.8 The replacement of DLA by PIP will place significant additional demands on advice services for assistance with:-

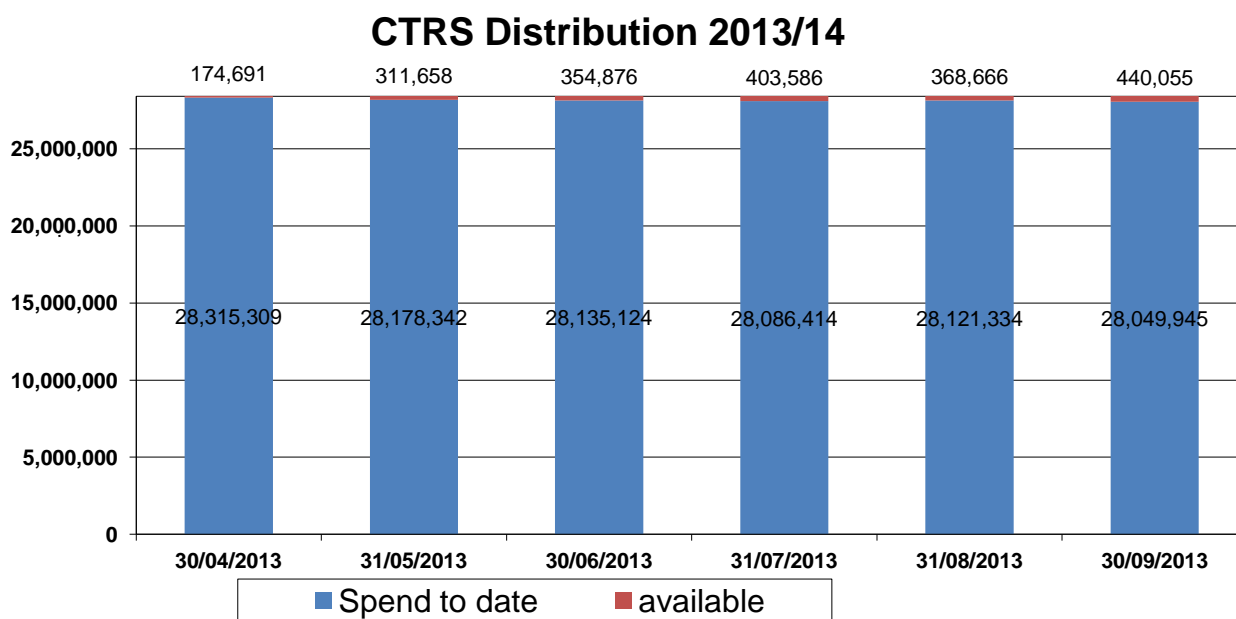
- the initial and subsequent claim processes;
- advice and support in attending medical assessments;
- assistance with lodging appeals, representation at appeals and appeals to the Upper Tribunal; and
- increased level of debt.

2.10.9 With reduced income many people with disabilities will find it increasingly difficult to sustain themselves in the community. An increased demand on social care, housing staff, advice and advocacy, both third sector agencies and Council's own advice services as well as General Practitioners and other health officials is anticipated.

## **2.11 Council Tax Reduction Scheme (CTRS)**

2.11.1 Information on the CTRS was provided in the report to Committee on 1 October 2013, the total fund for 2013/14 is £28,490,000.

Detail of current spend is detailed below



2.11.2 Local Government contributed £17m and Scottish Government £23m for 2013/14. Should the current spending gap increase beyond £40m this will be addressed jointly by Local Government and Scottish Government. COLSA and Scottish Government continue to monitor the expenditure position.

2.11.3 The Scottish Budget announcement of 11 September 2013 confirmed Scottish Government have agreed to continue funding their share of the £23m of the £40m shortfall for 2014/15. While there is an expectation that Local Government would similarly continue to fund the remaining £17m of the shortfall, this will need to be considered in the overall Local Government Finance Settlement.

2.11.4 The DWP has issued its proposed Administration subsidy distribution for 2014/15 for consideration by the DWP/LAA Steering Group. Scottish Local Government Officers are currently analysing the figures in order to respond to the DWP. Once details of this are known a further update will be provided to Committee.

2.11.5 The distribution of the CTRS funding and the 20% administration funding for 2014/15 will be taken through the normal Settlement and Distribution Group process.

2.11.6 The distribution of the funding for 2013/14, including the 20% holdback based on 2014/15 will be done by Scottish Government once the 2013/14 figures are published by DWP.

## **2.12 Universal Credit (UC)**

2.12.1 An update was given to Committee on 1 October 2013. The pilot in the North West of England which began on 15 April 2013 continues. The other 3 LAs went live in July 2013.

2.12.2 The national roll-out of UC commenced in October and is limited to Hammersmith, Rugby, Inverness, Bath, North East Somerset, Harrogate and Shotton. Further announcements on the roll-out will be reported at the next Committee meeting.

2.12.3 The DWP has indicated a continuation of HB administration subsidy for 2014/15 in recognition of the slowdown of UC roll-out.

2.12.4 Lord Freud reported the ability to remove direct payments to claimants who reach rent arrears triggers and pay directly to landlords will mitigate the risks to rental income.

2.12.5 The DWP's new senior manager, Howard Shiplee has been in post for a number of months. He is in the process of delivering a Strategic Intent Document (SID). COLSA has responded to a draft document seeking more clarity and transparency than is currently provided, there has been no update on this document.

2.12.6 In work conditionality is being piloted by the DWP in advance of UC roll-out. For LAs this could mean low paid part-time employees seeking more hours, additional jobs and better paid work. As a result, this may add further pressure on LAs particularly when the numbers of jobs are reducing through savings. In addition, many of those employees potentially facing in-work conditionality may look to LA employability services to support them.

## **2.13 Pension Credit**

2.13.1 There remains no further update from the Pension Service about the roll-out of Pensions Credit. However it is still likely to start in October 2015.

## **2.14 Local Support Services Framework (LSSF)**

2.14.1 The Universal Credit LSSF was published in February 2013. This was the result of careful and intensive working between the DWP, Local Government Association, Convention of Scottish Local Authorities and Welsh Local Government Associations with input from LA representatives.

2.14.2 The objective of LSSF is for DWP, LAs and other delivery partners to effectively and efficiently move claimants to a position where they can independently use the standard UC service whilst ensuring that an adequate service is in place to support claimants who may need extended support.

2.14.3 LSSF has been put in place for the national UC roll-out initially in 6 Jobcentres across England, Wales and Scotland. The framework has been slowed down to reflect the slower roll-out of UC and to enable evidence of need and demand to be established.



2.14.4 The LSSF Mark 2 “testing plan” is intended to test elements of proposed approaches to LSSF and will build on evidence gained from UC pathfinders, LA pilots and Direct Payment Demonstration Project. The testing is planned to be rolled out with “shadow” LAs as well as existing Pathfinder/pilots. A LSS Design Group is taking forward this work in conjunction with the LSS Finance Group which will look at testing different funding arrangements.

2.14.5 COSLA with the Scottish Government is continuing to press for a Scottish Framework which would be developed through Community Planning Partnerships and for appropriate funding to be provided for this.

2.14.6 Edinburgh has established a LSSF Steering Group in preparation for the introduction of LSSF. Further updates regarding this will be reported at future Committee meetings.

#### **2.15 Direct Payment Demonstration Project (DPDP)**

2.15.1 The extension of the DPDP has been formalised and budgets approved. The revised timetable will operate until November 2013 although the project will most likely not conclude until early 2014.

2.15.2 Independent assessments and reports detailing the experiences and outcomes of the DPDP will not be published until later next year. However it is clear that the work of the DPDP has had a profound impact on the views and strategies adopted by DWP. Dunedin Canmore Housing Association continues to share their experiences and advise others of their work.

2.15.3 The DPDP continues to be a resource intensive arrangement. However costs continue to be recovered from the DWP.

2.15.4 The Council have agreed to continue their involvement in DPDP extension and are open to the learning experience.

2.15.5 Dunedin Canmore Housing Association and the Council continue to work closely with the DWP to assess the full impact and consequences of the DPDP.

#### **2.16 Briefing to UK Parliamentary Under-Secretary**

2.16.1 A meeting took place between the Leader of the Council and David Mundell MP, Parliamentary Under-Secretary (Scotland Office) on Wednesday 30 October as part of an on-going dialogue with local authorities in Scotland to discuss the Government’s welfare reform policies. The Minister has been meeting with all Scottish local authorities to discuss some of the challenges faced in implementing these welfare reform policies, feeding back to colleagues in the UK Government. A comprehensive briefing note was presented to the Minister, detailing the impacts of welfare reform on Edinburgh. This briefing note and presentation is attached as appendix 1 and 2.

#### **2.17 Welfare Reform Strategic Planning Group**

2.17.1 There have been 3 new groups established to replace this group.

#### **2.18 The Welfare Reform Working Group**

2.18.1 A structure has now been established with representatives from elected members, key stakeholders and officer support. The joint working group will:-

- monitor the implementation and impact of various changes; and
- contribute to consideration of further measures to support tenants.

## 2.19 Welfare Reform Core Group

2.19.1 Plan for and manage operational council issues in relation to Welfare Reform

- ensure a consistent approach to Welfare Reform issues across all services;
- plan communications, training/awareness and other relevant activity to support implementation of Welfare Reform changes within the Council; and
- monitor the impact of Welfare Reform on the Council and its service users.

## 2.20 Welfare Reform Partners Forum

2.20.1 Update Partners and agencies on Welfare Reform issues

- plan and co-ordinate joint approached and activity;
- information share;
- facilitate joint training and awareness sessions; and
- monitor impact of Welfare Reform on residents of the city and service users of the partner organisations.

## 3. Recommendations

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3.1 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 notes the completion of the Benefit Cap stock cases and the change to business as usual approach has resumed;
- 3.1.3 notes Edinburgh's future involvement in the Local Support Services Framework;
- 3.1.4 notes a bid for the DWP additional DHP funding has been submitted; and
- 3.1.5 notes the next progress update report will be 4 February 2014 (with a separate update briefing to committee in early January).

## Alastair D Maclean

Director of Corporate Governance

## Links

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**Coalition pledges**

**Council outcomes**

**Single Outcome Agreement**

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

**Appendices**

Appendix 1 – Briefing on the Impact of Welfare Reforms in Edinburgh

Appendix 2 – Presentation on Briefing on the Impact of Welfare Reforms in Edinburgh

Appendix 3 - Response to Lothian Federation of Anti-Bedroom Tax further questions

# Briefing: Welfare Reforms in Edinburgh

Business Intelligence  
Organisational Development  
Corporate Governance  
October 2013

## Impact of welfare reforms (2013) in Edinburgh

### 1. Summary

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- 1.1 This briefing note considers Edinburgh's benefit claimants with a particular focus on the impact of the recent welfare reforms. Research from Sheffield Hallam University (2013) explains that some of the reforms have a bigger impact than others and that the poorest areas (where there are more claimants) are hit the hardest. This briefing paper will provide a summary of the number and geographical spread of claimants in Edinburgh and will provide figures in appendices, supporting the summary.
- 1.2 Sheffield Hallam University estimates the total impact of the reforms to be approximately £135M per annum in Edinburgh. This is £400 per working age person per annum, which can be compared to £650 in Glasgow and £480 across Scotland. Edinburgh is the 14<sup>th</sup> largest area in terms of absolute loss (due to its size as one of the largest cities) but it is not in the top 50 areas in the UK in terms of loss per head.
- 1.3 Data within this briefing has been compiled from the Office for National Statistics Sheffield Hallam University research and internal City of Edinburgh Council information from various services. PowerPoint slides with further information complements this briefing.

### 2. Information

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- 2 **Impact of the reforms in the UK** The biggest average losses per household are in the following reforms: Household Benefit Cap (£4,820); Housing Benefit - Local Housing Allowance (£1,220); Non-dependent deductions (£1,130); Tax Credits (£810) and Housing Benefit – 'bedroom tax' (£740) Child Benefit (£370) and Council Tax benefit of (£140).
- 2.2 Incapacity Benefit and Disability Living Allowance, both individual benefits, will see average losses of £3,480 and £3,000 respectively, per affected individual. Welfare Reform changes replacing Incapacity benefit are not due to be completed until 2015/16 and those replacing Disability Living Allowance will be completed in 2016/17. In addition to this, the benefits are due to rise by 1% at a

time when current (Consumer Price Index, CPI<sup>1</sup>) inflation at the time of writing is 2.7%, meaning a real fall in incomes of 1.7%.

### **3 Population and labour market breakdown**

- 3.1 Edinburgh's total population is 482,640 in 2012 and the working age population is 343,785. National Record of Scotland forecasts that Edinburgh's population is to grow by 7.6% over the period 2013 to 2023 and by 14.9% over the 20 year period to 2033.
- 3.2 15,800 Edinburgh residents were unemployed and 12,000 were unavailable for work but would like to work if their health or family circumstances changed. It is these groups who are most likely to be affected by the welfare reforms, 27,800 in total. However, those in work may also be affected, but to a lesser extent. For comparison, there were 256,500 Edinburgh residents in employment in 2011. 64,000 (18.4% of the working age population) do not want to work. This group includes retired people who are still of working age. A focus on adults of working age (16-64) is appropriate, because the welfare reforms impact almost exclusively on this group. By contrast, benefit claimants of pensionable age are essentially unaffected<sup>2</sup>.

#### **All Benefit Claimants in Edinburgh and Scotland comparator**

- 3.3 Edinburgh has a benefit<sup>3</sup> claimant rate of 12.2% of the working age population. This is 4.0% points lower than the comparable rate for Scotland (16.2%). In terms of numbers this is 41,380 people in Edinburgh who claim benefits and will be affected (561,110 in Scotland). Over the period since the recession (from the year to February 2009 to the year to February 2013), there has been a drop in claimant numbers of 0.7% in Edinburgh and 1.4% in Scotland. There is a variation in rates across Edinburgh for claimants and the lowest rate claimants of any benefit are found in the parliamentary constituency area of South Edinburgh, which has a rate of 9.1% of the working age population. Edinburgh East has the highest of the parliamentary constituencies at 14.7% - this is still lower than the Scotland rate of 16.2%.

#### **Incapacity Benefit Claimants**

- 3.4 Looking at incapacity benefits, one of the largest average falls in benefits predicted by Sheffield University research, Edinburgh has a rate of 2.2% of the working age population. This compares to 3.1% across Scotland. In terms of the level, there are 7,530 claimants in Edinburgh during the year to February 2013, a 98.2% increase on the figure in the year to February 2009, around the time of the most recent recession. This compares to an increase of 73.3% across Scotland.
- 3.5 Some data is available at the very local level<sup>4</sup> and the three areas that will be hardest hit with the changes to incapacity benefit are Craigmillar (260 people), Restalrig (255), Parkhead (195). The areas least affected are: Marchmont (15), Fairmilehead (20), Murrayfield and Dean (20).
- 3.6 In terms of money lost from the local economy, just in terms Incapacity Benefit, this is £18,966,000 out of the Edinburgh economy. The table in the appendix breaks this down to the local areas in terms of money out of the local economy from central government. When Severe Disability Allowance is also considered the figure is £26.2M. Sheffield Hallam University research finds that £135M is likely to be lost to the Edinburgh economy in total from the welfare reforms.

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<sup>1</sup> The UK Government's USES THE CPI measure for pension and other indexation/increases. The Retail Price Index (RPI), which includes housing costs and uses a different formula for calculating changes, is also generally higher than CPI.

<sup>2</sup> Sheffield Hallam University (2013)

<sup>3</sup> All benefits are included here.

<sup>4</sup> Census area statistics (CAS) areas.

### **Jobseekers Allowance**

- 3.7 The reforms will impact on job seekers allowance claimants by up rating the allowance by 1%, that is, lower than recent inflation rates meaning a real drop in purchasing power. In Edinburgh there were 9,310 job seekers allowance claimants in Edinburgh during September 2013 (This figure from the ONS does not yet include Universal Credit). This is 2.8% of the working age population which can be compared to the Scotland rate of 3.3% of the working age population. Over the period since the recession (September, 2008 – September 2013) the number of benefit claimants has decreased by 6.8% compared to Scotland, which has decreased by 10.3%. To compare the most recent month (September, 2013) with the same month last year, there was a 15.3% drop in claimant numbers.
- 3.8 It should also be noted that there are variation in claimant rates across the city. The lowest rate in the city, by multimember ward, is in the ward of Meadows/Morningside with a rate of 1.0% of the working age population. The highest is in the Forth ward area with a claimant rate of 5.0% of the working age population.

### **Housing**

- 4.1 The value of current council tenant rent arrears, to the end of September 2013 was £4.65m. This is an increase of 72% (£1.95m) from the position in September 2012 and an increase of 62.6% (£1.79m) since the start of the financial year 2013/14. Total number of tenants in arrears has increased by 56% from 5,476 to 8,572 since April 13.

### **Housing Benefit Under-Occupation (HBUO) and Benefits Cap**

- 4.2 As at the end of September 2013 there were 3,319 (17%) Council tenants affected by the Under Occupation regulations. Of this group 2,954 (89%) have had a 14% reduction in Housing Benefit and 365 tenants (11%) having a 25% reduction.
- 4.3 As of 31 March 2013 the total supply of social rented housing in Edinburgh was 36,955 homes and there were 25,604 households on the common housing register (EdIndex). The turnover of stock is low with only 1,892 homes advertised for let through the Choice based lettings used by the majority of landlords with an average of 151 bids being received for each available home. There is however also a supply and demand mismatch across all sizes of property (Annex- Table 5). This means that even where tenants are willing to move they are unable to do so as the homes of a suitable size are not available.
- 4.4 There is also a significant pressure from HBUO in meeting the statutory duties for providing permanent accommodation for homeless households. Edinburgh has some 4000 presentation as homeless per year. 94% of those who come to us as homeless are single people or childless couples. In contrast only 25% (749) properties available for rent were one bedroom. To meet our homelessness duty of offering everyone who is not intentionally homeless settled accommodation we have to offer two bedroom homes, in the full knowledge that housing benefits will not cover costs, thus further disadvantaging people who have come through housing crisis.
- 4.5 The percentage of tenants affected by HBUO in arrears has increased from 27% (969 tenants) at date of implementation of the change to 76% (2,523 tenants). It is estimated that in the six month period since implementation around £0.53m (34%) of the £1.57m of rent due to be paid by tenants affected by under-occupation changes has been collected. As at the end of September just fewer than 1500 council tenants have required financial assistance from DHP to a value of

£315,525. This figure likely to under-represent need due to a level of non-engagement by tenants in arrears.

- 4.6 Not all types of temporary accommodation are subject to HBUO, but it applies to Council or RSL owned flats and houses used as temporary accommodation can be affected. There are 359 such properties in use and currently 41 (11.4%) households in dispersed flats are affected by HBUO. To date 49 claims have been submitted for DHP to cover HBUO but only 6 (12%) have been successful. 34 could not be paid as the claimant had left temporary accommodation before proof of income and expenditure could be collected and 9 were refused because income exceeded expenditure.

#### **Discretionary Housing Payments (DHP) and Council Tax Reduction Scheme (CTRS)**

- 4.7 As at 30 September 2013 there have been a total of 2,501 DHP claims considered, 1,562 ongoing awards, 50 one off payments and 889 refusals (65% claims approved). Over 90% of awards are related to under occupancy and 95% of refusals are due to the applicant having sufficient income to meet the shortfall in their rent. The DHP budget for 2013/14 is £1,430,709. As at 7 October 2013 there has been a total DHP spend of £533,360.97 with a committed spend of £262,063.02 to 31 March 2014. A total DHP of £635,285.01 remains unallocated, therefore the actual spend is 37% and the committed spend is 18% of the budget. Appendix table 7 provides further details.
- 4.8 Furthermore, the Scottish Government made available an additional £20m to distribute to Local Authorities in 2013/14, to enable them to top up their Discretionary Housing Payment (DHP) budget. Edinburgh's total DHP fund for 2013/14 has increased by £2,124,473 to £3,555,182. The City of Edinburgh Council welcomed the additional allocation of DHP from Scottish Government to mitigate the negative impacts of Welfare Reform.
- 4.9 In light of this significant injection of DHP funding, an urgent review of our current DHP Policy took place and will be considered by Corporate Policy and Resources Committee of 5 November 2013. Administering the additional DHP fund is placing significant operational pressure on the Council's benefit staff due to the scale of the increase and the timing, coming midway through the financial year. An extension to the DHP processing team has been made to mitigate these pressures. The DWP has also announced a further fund of £20m to be added to DHPs which is to be distributed amongst local authorities in the UK, for which Edinburgh has made a bid.
- 4.10 Information on the CTRS was provided in the report to Committee on 1 October 2013, the total fund for 2013/14 is £28,490,000. Detail of current spend is detailed in appendix, chart 8.

#### **Investment and Services**

- 4.11 Over the next five years capital investment is projected to deliver £222 million to invest in existing homes and to build more new affordable homes. Significant risks identified to income due to Welfare Reform changes are emerging and the Housing Revenue Account Business Plan predicts a reduction of £52 million of income over 5 years creating pressures on future capital investment and services.

#### **Benefit caps in context.**

- 4.12 Benefits caps are set at £350 a week for households of a single adult with no children; and at £500 a week for couples, with or without children, and lone parent households. In Edinburgh the median weekly wage is £509.70 for an individual working 37.5 hours a week. The benefit cap of £350 per week is higher than 24% of earners in Edinburgh approximately<sup>5</sup>. With higher level of

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<sup>5</sup> CEC interpolation of ASHE figures.

pay in Edinburgh, compared to other areas in Scotland there is potential for higher priced goods and services. There is little evidence of this effect in any other markets except for housing though, where it is recognised that Edinburgh has higher housing costs than other areas of Scotland. The living wage foundation puts the living wage in the UK at £7.45(outside of London). This equates to £279.38 for a 37.5hour week (the median in Edinburgh).

- 4.13 Benefit Capping was implemented in Edinburgh from 12 August 2013. Data on affected households is being provided on an ongoing basis from the Department of Work and Pensions (DWP) and the number of households affected is therefore subject to continual change. It is estimated that the number of households in mainstream tenancies affected will be around 50 households and early profiling indicates that the majority of these are expected to be large families.
- 4.14 53 households coming through homeless services (excluding Private Sector Leasing -PSL) have been affected by benefit capping since 12 August 2013 when capping began, however just 35 of the 53 households capped are currently occupying temporary accommodation - the others have either secured a tenancy or been allocated cheaper accommodation resulting in them dropping below capping threshold.
- 4.15 Historically rent plus service charge levels are high in many forms of temporary accommodation due to high levels of support, furniture, utilities, 24/7 staffing provided in many forms of temporary accommodation, and other services. Local authority supported temporary accommodation is not exempt from benefit capping, while similar accommodation which is not LA owned or run is exempt. This means that many homeless households in temporary accommodation are subject to capping. Based on current rent levels we expect the numbers of households capped to rise to over 200. A full rent redesign exercise is in progress to reduce the numbers who will be affected by benefit capping.
- 4.16 Current rate of income collection for temporary accommodation is 75.2% compared to a usual collection rate of 82%. Overall anticipated pressure on temporary accommodation budget due to the impact of under-occupation changes and benefit capping is expected to rise to £4m per year by 2014/15
- 4.17 PSL service (1,700 dispersed flats in private rented sector managed by Link Housing on contract with the Council. PSL provides medium stay temporary accommodation for households who are homeless or threatened with homelessness).34 PSL tenants have been affected by benefit capping; 11 DHP claims have been submitted; 7 tenants have moved; 2 tenants now working and no longer affected.

#### **Welfare Reform Transition Team**

- 4.18 Funding has been allocated to create a short life transition team to provide advice and assistance to Council tenants and clients in temporary accommodation. A team of 8 staff will provide advice to those in temporary accommodation and mainstream housing affected by benefit capping and HBUO. This was approved by committee in October along with work plans and staff are to be recruited. The service is due to commence 4 November 2013 to April 2014 funded through DWP. Some of the areas of work include focusing on the following areas: Benefits Cap; DHP; Tenants in arrears solely due to Housing Benefit Under Occupancy and Referrals to other advice and support agencies.



### Scottish Welfare Fund

5.2 Information on the Scottish Welfare Fund was reported to Committee on 1 October. At the end of September 2013 a total £693,491.50 has been awarded for Community Care Grants and a total of £92,709.90 has been awarded on Crisis Grants. Crisis Grants and Community Care Grants continue to be considered at all 3 priority levels this will continue as both remain within budget. Table 6 in appendices provides data.

### Free School Meals and clothing allowance claimants.

6.2 There has been an increase of 3% in free school meals claimants from 2012 to 2013 for the period April to September. There was a smaller increase (1%) of school clothing allowance claimants from 2012 to 2013 for the same period. This may be revised up as further claimants are processed for 2013.

6.3 The [Edinburgh City Region Economic Review 2011](#) provides further background to Edinburgh's general economic conditions; see especially *Jobs and Investment* and *Skills and employability* theme papers. [Economy Watch monthly](#) provides up to date information on Edinburgh's labour market.

## 3. Contact Details

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### Sarah MacKenzie

Business Intelligence Manager  
0131 529 7025  
sarah.mackenzie@edinburgh.gov.uk

### Steven Bunch

Business Intelligence Officer  
0131 529 6465  
Steven.bunch@edinburgh.gov.uk

### Chris Adams

Senior Business Intelligence  
Officer  
0131 529 6258  
Chris.adams@edinburgh.gov.uk

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## 4. Annexe 1 - Data

**Table1: Edinburgh population by age group 2012**

	0-15	16-64	65+	All
Edinburgh	73,421	338,331	70,888	482,640

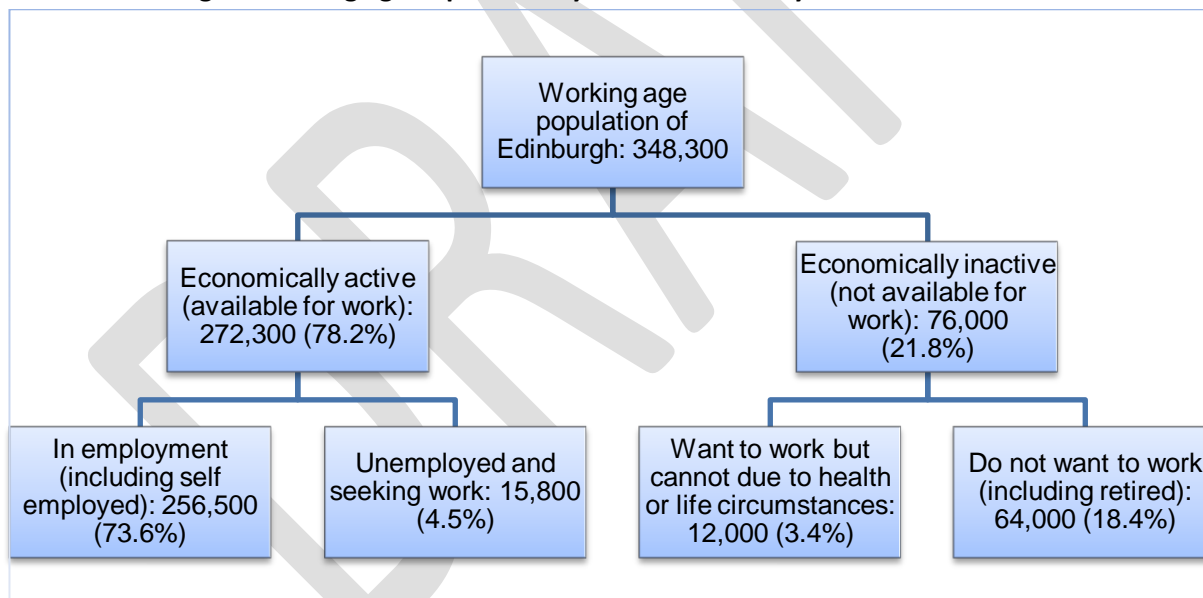
Source: National Record of Scotland, midyear population estimate 2012.

**Table 2: Edinburgh's working age population forecasts**

	2013	2023	2033
Working age Population	360,986	388,327	414,939
Change on 2013	-	7.6%	14.9%

Source: National Record of Scotland, 2010 midyear population estimate base which has since been re calculated but not included in the forecasts.

**Chart 1: Edinburgh's Working age Population by Economic Activity**



Source: Annual Population Survey. Figures for financial year to March 2013, based on 2012 midyear population estimate.

**Table 4: Earnings from employment**

Area	Item	Lowest 10% of earners	Median	Highest 10% of Earners
Edinburgh	Hourly pay - gross	7.46	14.13	29.27
Scotland	Hourly pay - gross	7.19	12.67	24.62
Edinburgh	Gender Gap (Male hourly pay less female hourly pay).	0.28	1.28	-
Scotland	Gender Gap (Male hourly pay less female hourly pay).	0.57	2.38	5.56
Edinburgh	Part time	6.08	8.97	-
Scotland	Part time	6.08	8.18	18.14

Source: Annual Survey of Hours and Earnings, 2011. Figures marked – are missing due to being unreliable.

**Table 5: Social Housing Stock by Size and Ideal Number of Bedrooms Required by EdIndex Applicants.**

Bedrooms	0	1	2	3	4 +	Total
Number of Council Homes	302	5,476	10,280	3,478	543	20,079
Number of RSL Homes	601	7,986	5,659	2,118	512	16,876
Total Social Homes	903	13,462	15,939	5,596	1,055	36,955

Source: Council stock information, Scottish Government returns as of 31 March 2013, RSL stock information, Scottish Housing Regulator 2012/13; Size of home required, EdIndex applicant analysis as of 17 October 2013

**Table 6: Overall spend: Community Care Grant and Crisis Grant from July 2013**

Local Authority	CCG & CG total Annual £	CCG & CG total 12 Month Profile £	CCG & CG total July 2013 Actual £	CCG & CG Total Aug 2013 Actual £	CCG & CG YTD Spend	CCG & CG Aug 2013 Monthly %	CCG & CG total YTD Annual Spend %
City of Edinburgh	2,187,628	182,303	165,604	<b>164,225</b>	<b>659,817</b>	<b>90</b>	<b>30</b>
<b>Scotland Total</b>	<b>32,995,240</b>	<b>2,749,600</b>	<b>1,751,893</b>	<b>1,894,101</b>	<b>7,251,157</b>	<b>69</b>	<b>22</b>

Source: City of Edinburgh Council

**Table 7: Incapacity allowance changes affecting local communities.**

Area	No of people affected	Amount lost from the local economy
Craigmillar	260	£ 904,800
Restalrig	255	£ 887,400
Parkhead	195	£ 678,600
Muirhouse/Drylaw	190	£ 661,200
Holyrood	185	£ 643,800
Murray Burn	185	£ 643,800
Moredun	175	£ 609,000
Harbour	170	£ 591,600
Newhaven	170	£ 591,600
Pilton	170	£ 591,600
Stenhouse	170	£ 591,600
Dalry	155	£ 539,400
Granton	150	£ 522,000
Kaimes	150	£ 522,000
Lorne	145	£ 504,600
Firrhill	140	£ 487,200
East Craigs	120	£ 417,600
Moat	115	£ 400,200
Tollcross	110	£ 382,800
Milton	105	£ 365,400
Alnwickhill	100	£ 348,000
Broughton	100	£ 348,000
Calton	100	£ 348,000
Fountainbridge	100	£ 348,000
Gilmerton	100	£ 348,000
Meadowbank	95	£ 330,600
Mountcastle	90	£ 313,200
Southside	90	£ 313,200
Duddingston	85	£ 295,800
Sighthill	85	£ 295,800
Leith Links	80	£ 278,400
Prestonfield	80	£ 278,400

Area	No of people affected	Amount lost from the local economy
Dalmeny/Kirkliston	75	£ 261,000
Portobello	75	£ 261,000
Shandon	70	£ 243,600
Queensferry	60	£ 208,800
S.E. Corstorphine	55	£ 191,400
Balerno	50	£ 174,000
Cramond	50	£ 174,000
Gyle	45	£ 156,600
Colinton	40	£ 139,200
Craigeleith	40	£ 139,200
Newington	40	£ 139,200
North Morningside/Grange	40	£ 139,200
Trinity	40	£ 139,200
Baberton	35	£ 121,800
Craiglockhart	35	£ 121,800
Davidson's Mains	35	£ 121,800
Stockbridge	35	£ 121,800
N.E. Corstorphine	30	£ 104,400
South Morningside	30	£ 104,400
Merchiston	25	£ 87,000
New Town	25	£ 87,000
Sciennes	25	£ 87,000
Dean	20	£ 69,600
Fairmilehead	20	£ 69,600
Murrayfield	20	£ 69,600
Marchmont	15	£ 52,200
<b>Edinburgh</b>	<b>5,450</b>	<b>£ 18,966,000</b>

Source: Nomis and Sheffield University Research. CEC analysis (claimants multiplied by the UK average decrease in incapacity benefit (£3,480)).

Chart 7

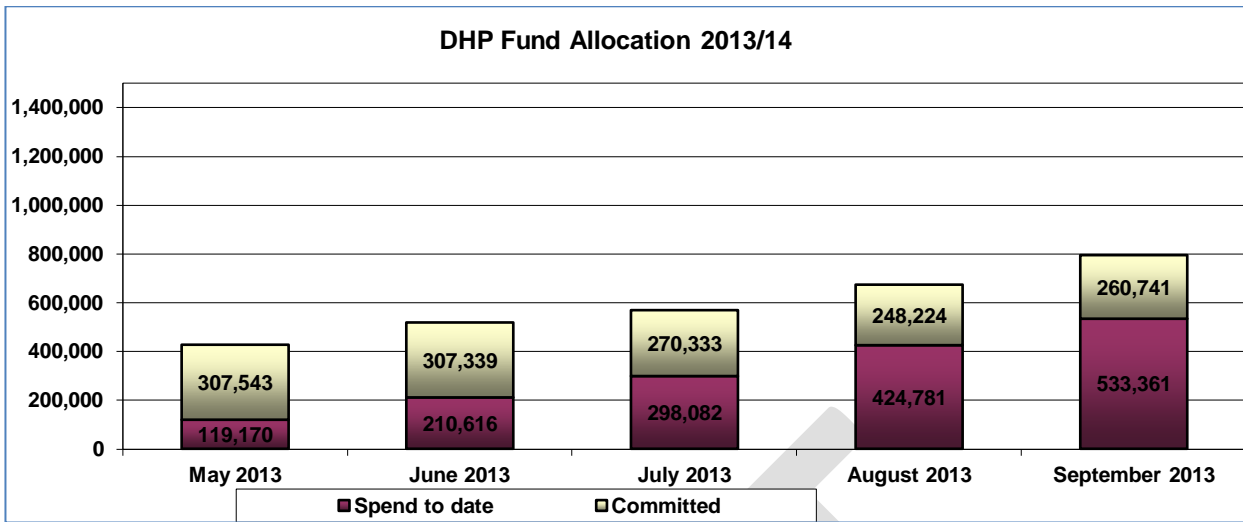
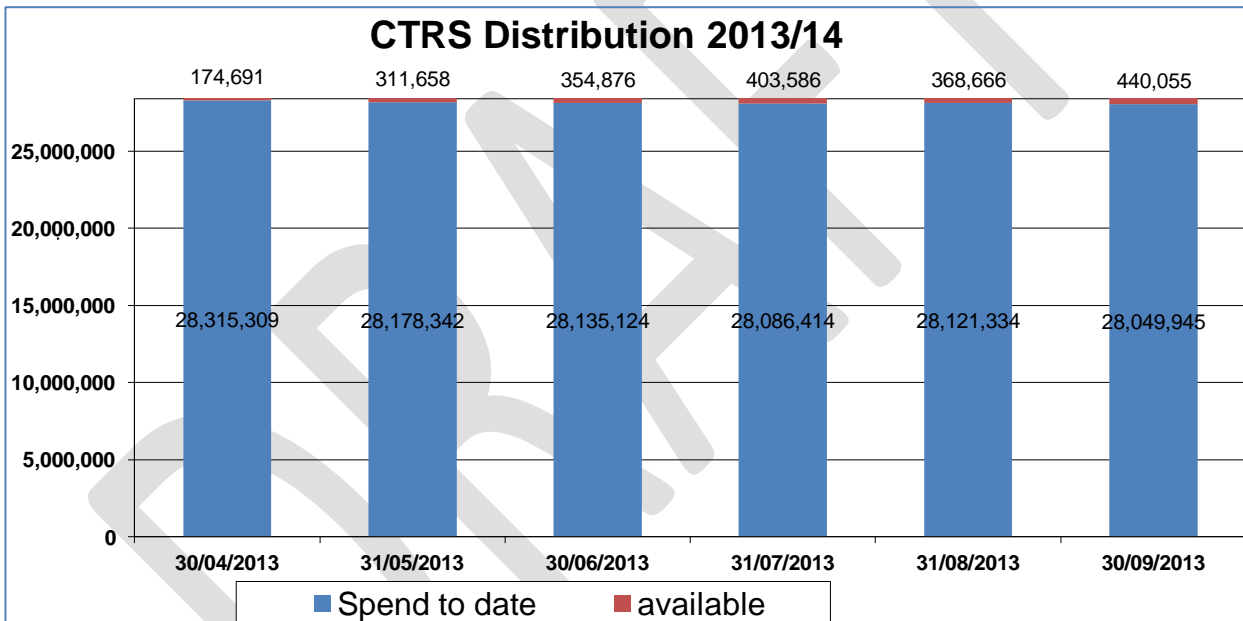


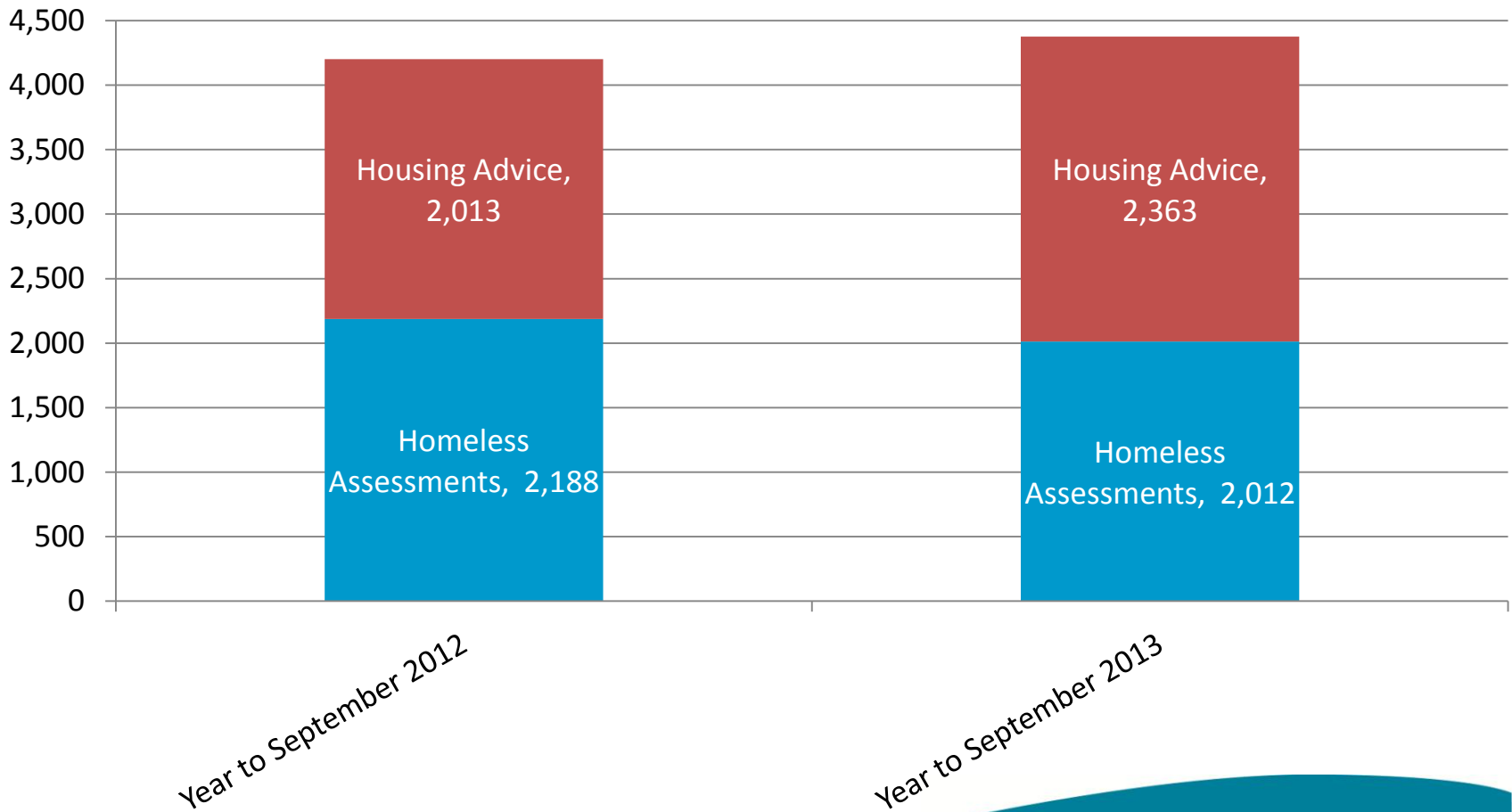
Chart 8



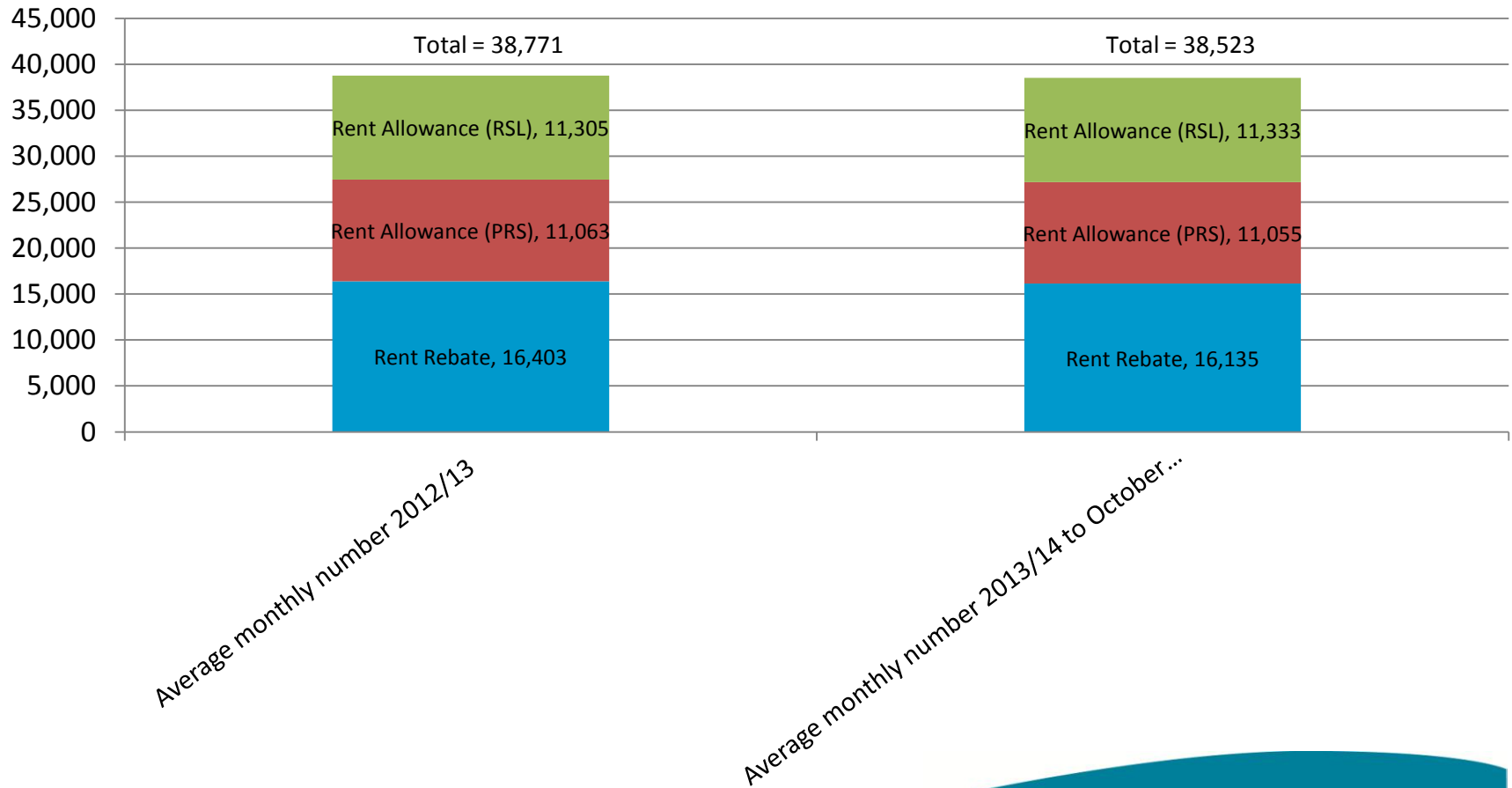
# **Impact of the Welfare Reforms in Edinburgh**

**Business Intelligence  
Corporate and Transactional Services  
City of Edinburgh Council  
October 2013**

## Housing Advice and Homeless Assessment Interviews.

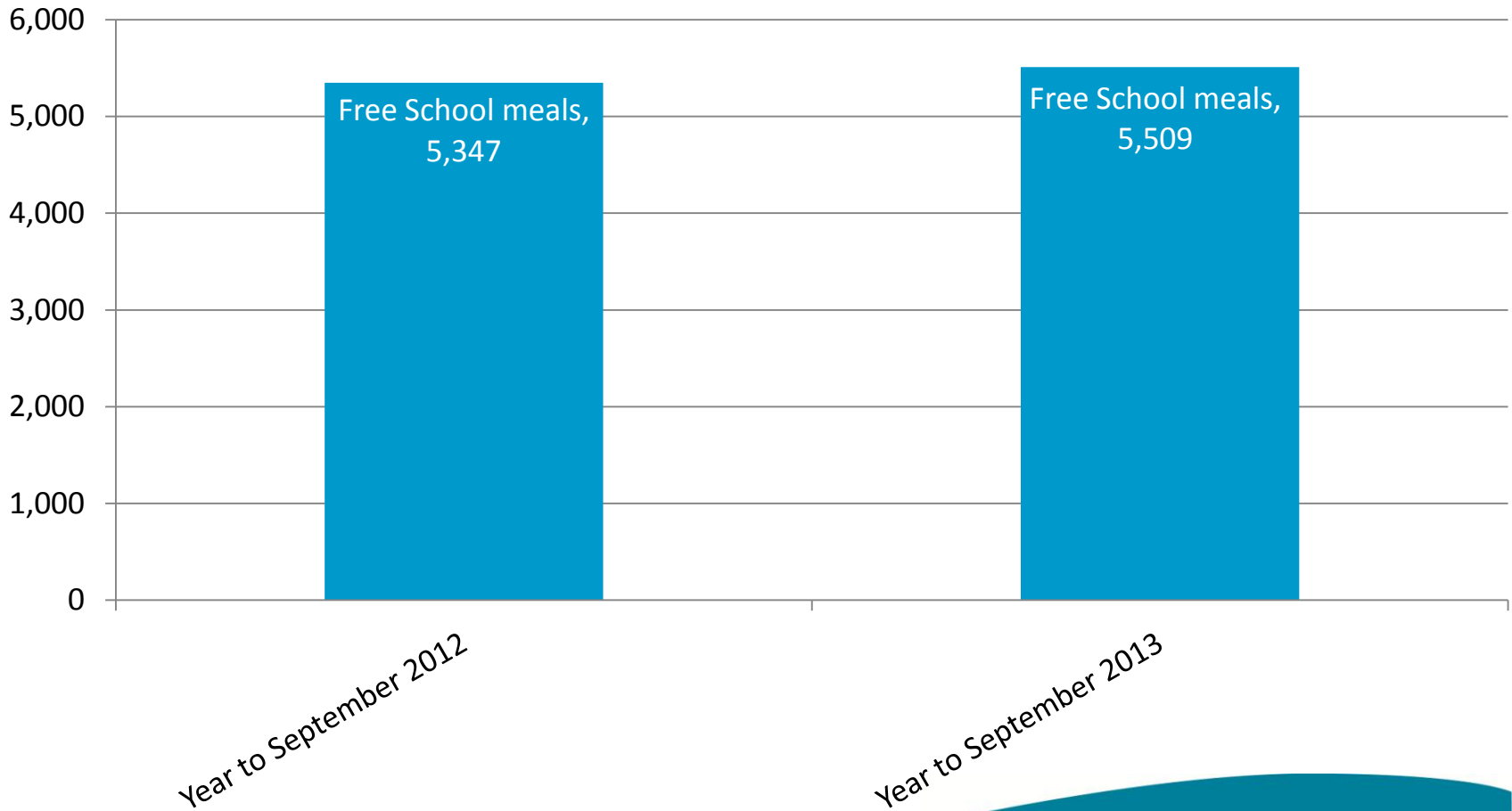


## Housing Benefits: Financial year 2012/13 and financial year to October 2013 (average monthly number of claimants by category)

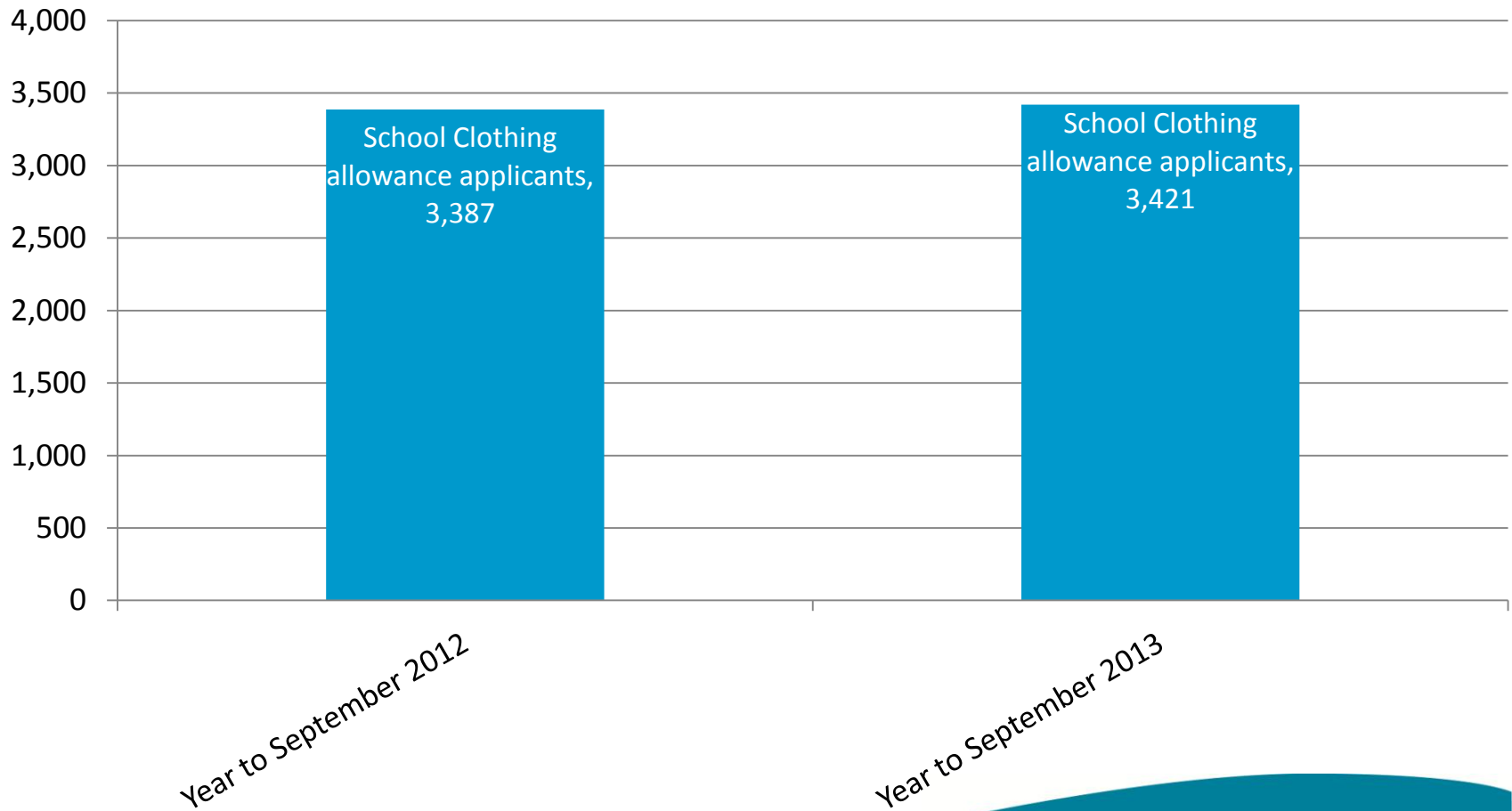




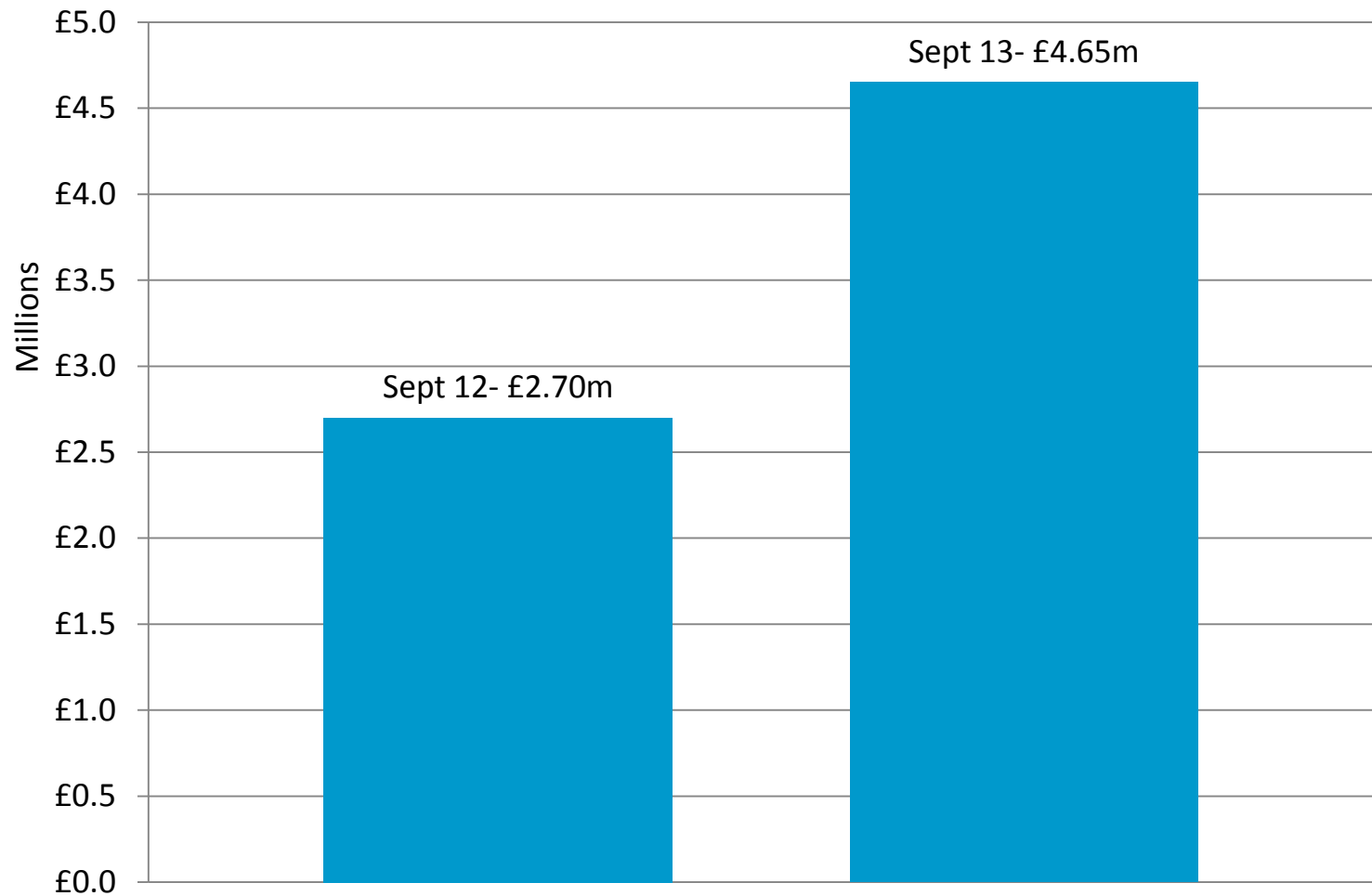
## Free School Meals



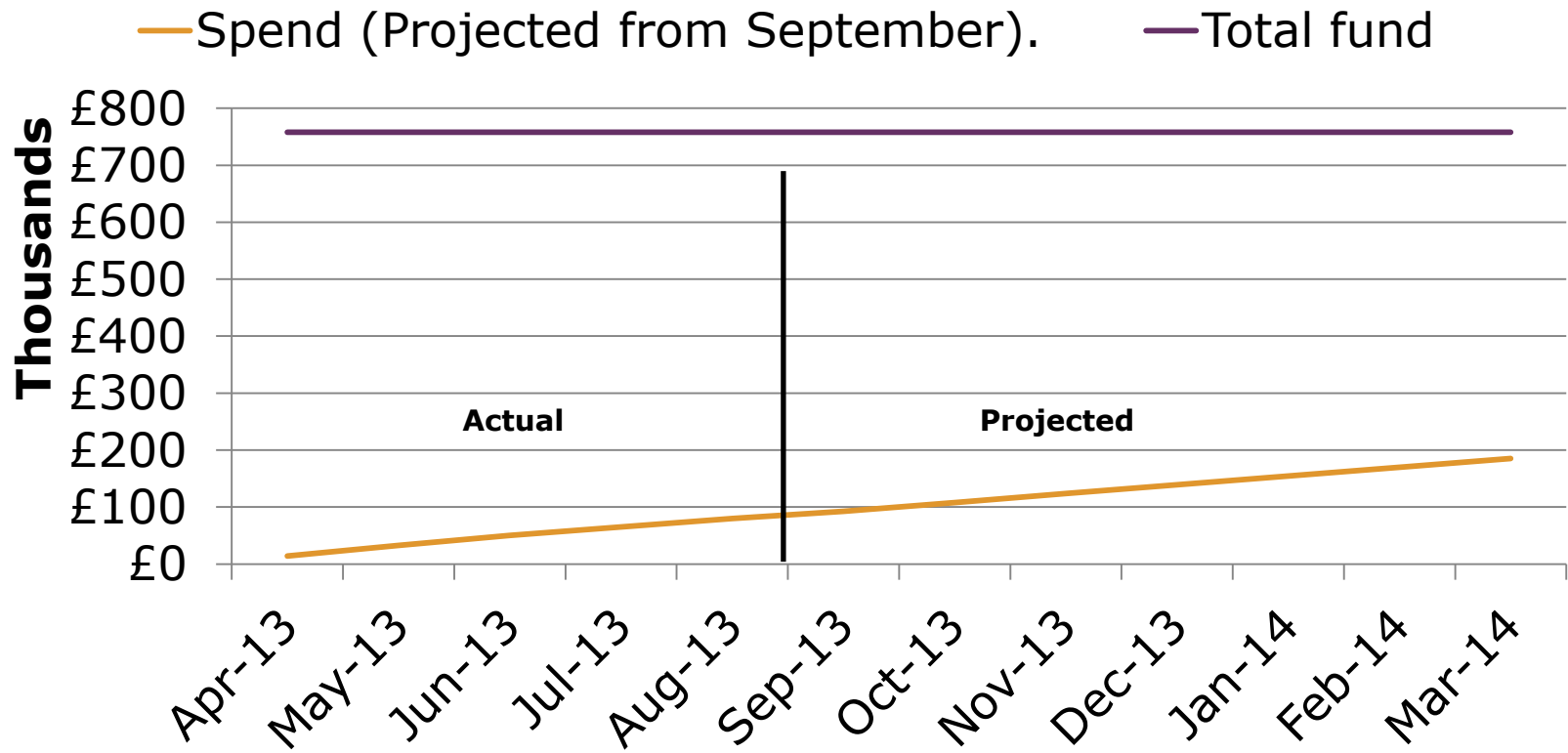
## School Clothing allowance claimants



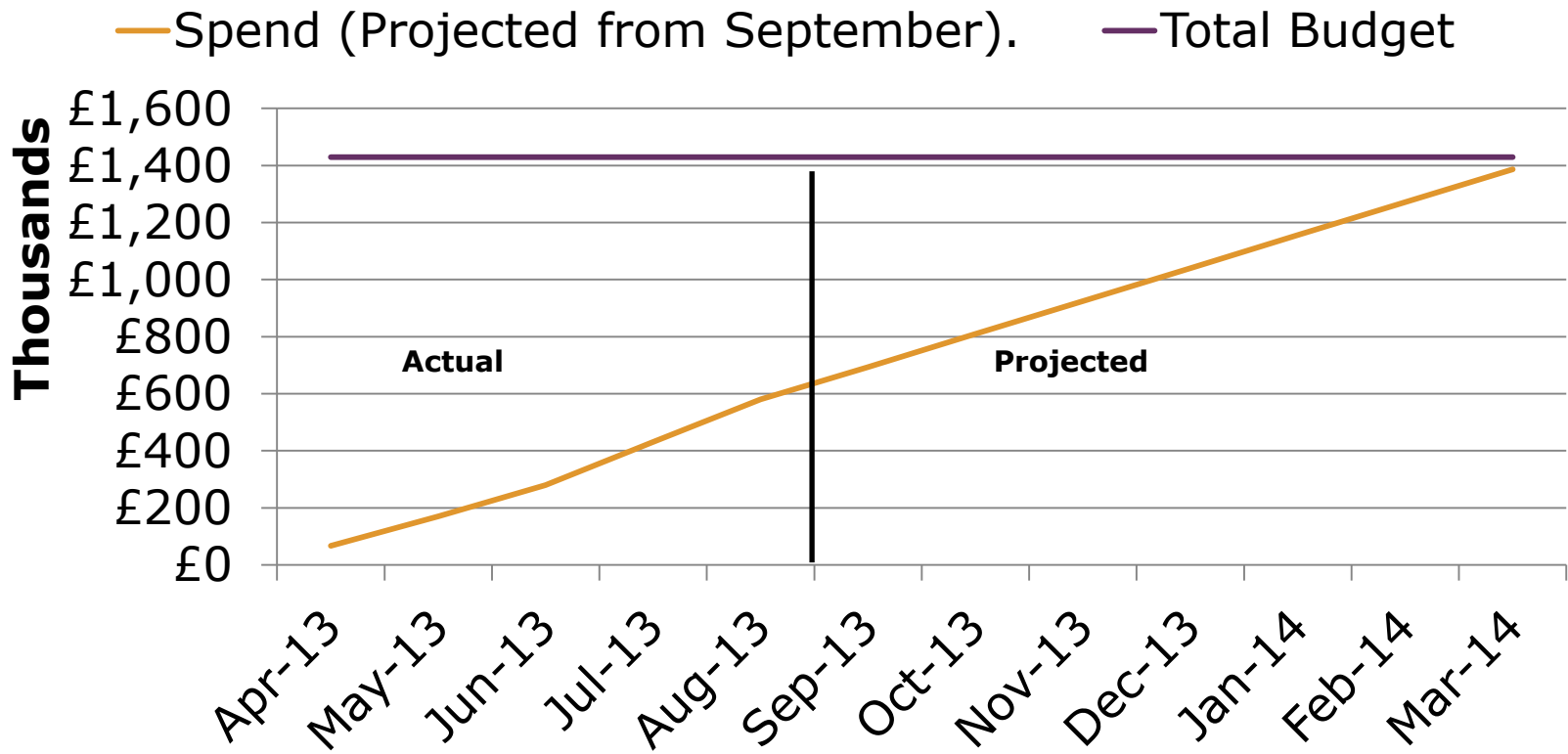
## Comparative Council Rent Arrears in Edinburgh; Arrears at September 2012 v 2013



# Crisis grant allocation



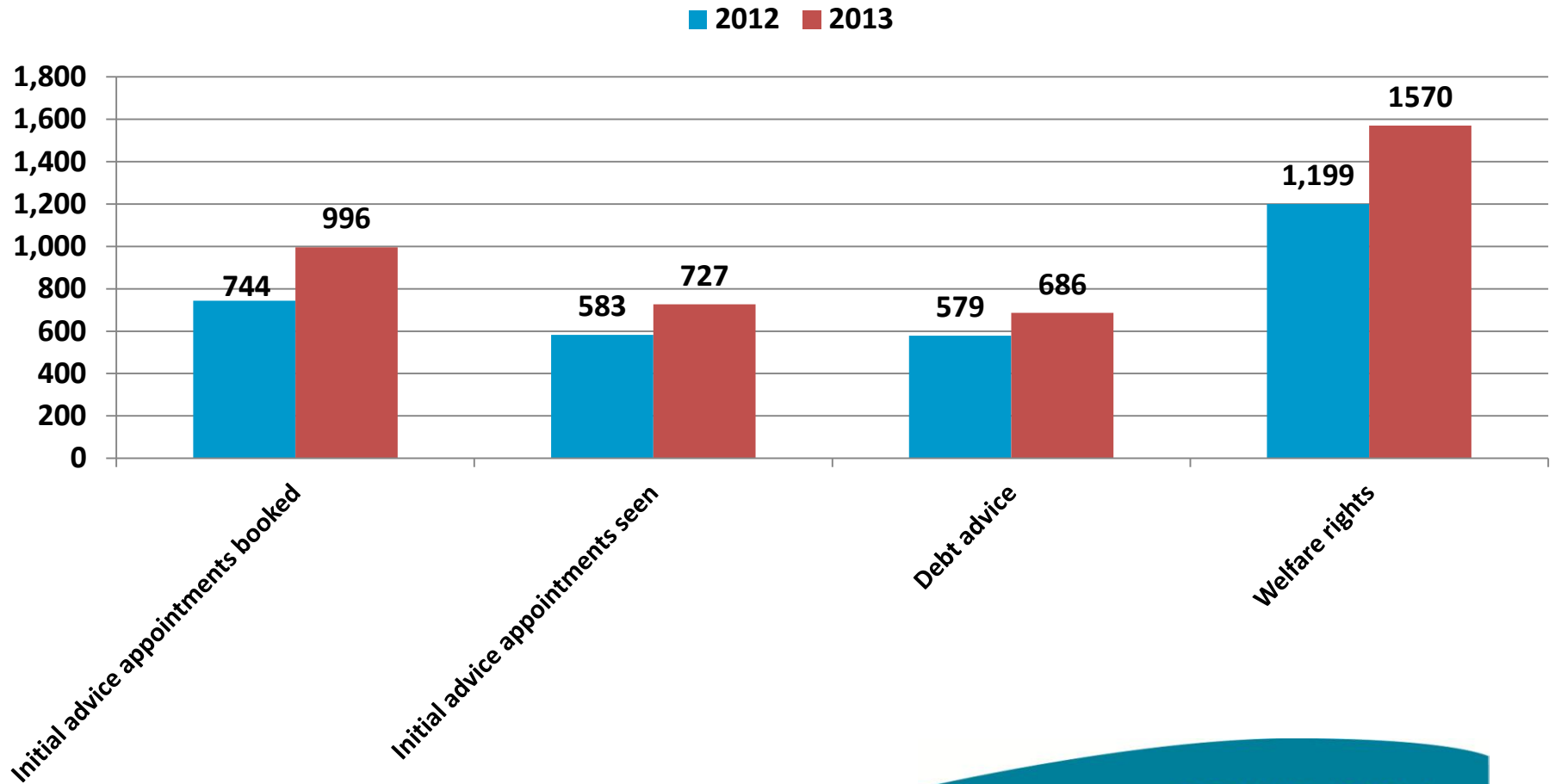
# Community Care Grant



## City of Edinburgh Council – advice and amounts obtained for clients

Issue	Q1&Q2 2012/13	Q1&Q2 2013/14	% Change
Initial advice shop appointments booked	744	996	33.9%
Initial advice shop appointments seen	583	727	24.7%
Debt advice	579	686	18.5%
Welfare rights advice	1,199	1,570	30.9%
Weekly amounts increased due to advice	£11,170	£17,026	52.4%
Average weekly amount increase	£55	£68	24.9%
Lump sums obtained on behalf of individuals	£230,153	£329,473	43.2%
Average lump sum obtained	£1,150	£1,320	14.8%

## City of Edinburgh Council Advice shop, 2012 and 2013.



## Citizens Advice Scotland (Edinburgh statistics)

Issue	Q1&Q2 2012/13	Q1&Q2 2013/14	% Change
Benefits total	5,629	6,238	+11%
Child Benefit	129	197	+53%
Child Tax Credits	319	443	+39%
Employment Support Allowance (ESA)	1,161	1400	+21%
Housing Benefit	633	782	+24%
Income Support	145	175	+21%
JSA	441	519	+18%
Working Tax Credits	431	513	+24%
Debt total	5,609	5,860	+4%
Local authority rent arrears	59	70	+19%
RSL rent arrears	50	164	+228%
Fuel debts	191	218	+14%
<b>All Issues (including some not relevant)</b>	<b>18846</b>	<b>20891</b>	<b>+11%</b>



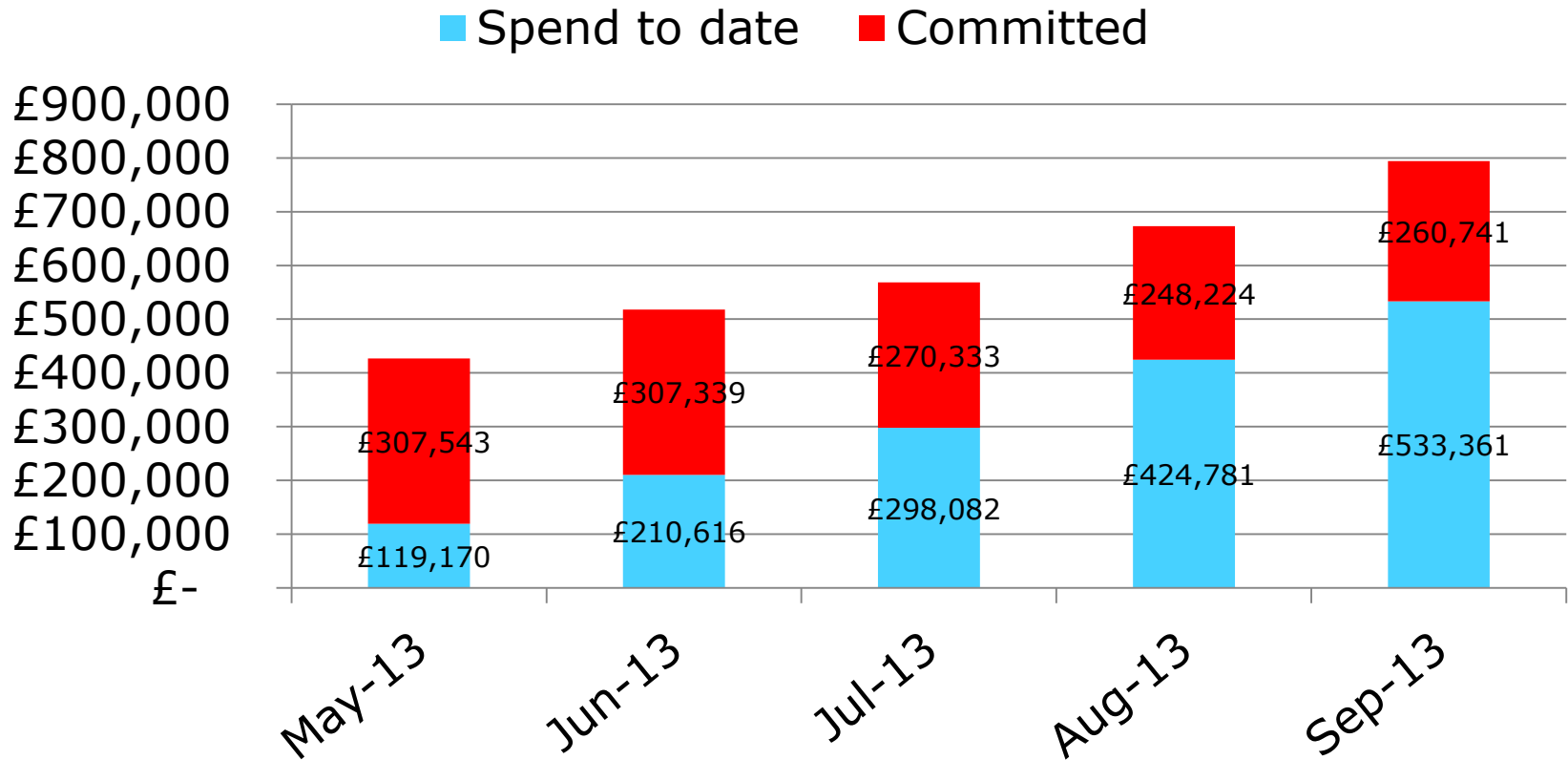
## Example of geographical breakdown in Edinburgh: Incapacity Benefit reforms – 10 *most* affected areas

Area	Number of People affected	Amount lost to the local economy
Craigmillar	260	£ 904,800
Restalrig	255	£ 887,400
Parkhead	195	£ 678,600
Muirhouse/Drylaw	190	£ 661,200
Holyrood	185	£ 643,800
Murray Burn	185	£ 643,800
Moredun	175	£ 609,000
Harbour	170	£ 591,600
Newhaven	170	£ 591,600
Pilton	170	£ 591,600

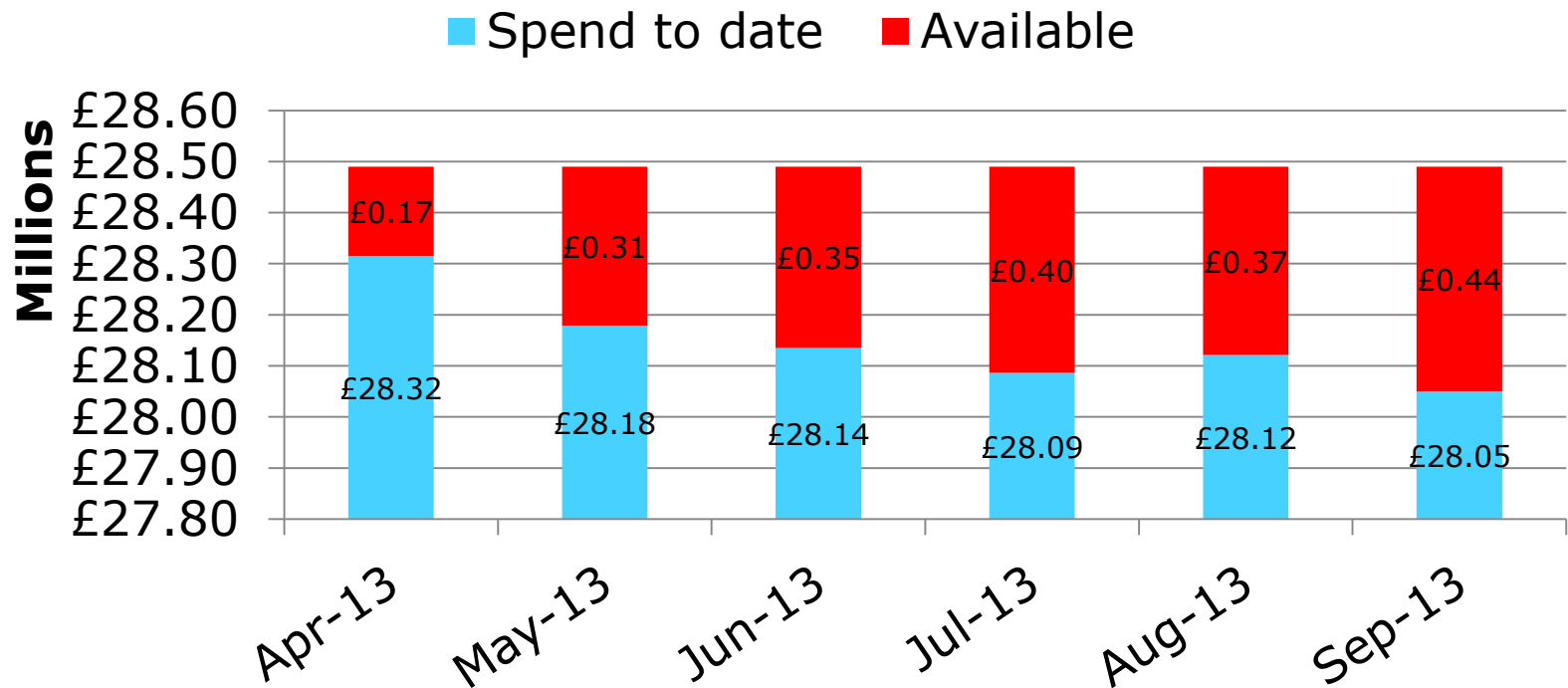
## Example of geographical breakdown in Edinburgh: Incapacity Benefit reforms – 10 *least* affected areas

Area	Number of People affected	Amount lost to the local economy
Stockbridge	35	£121,800
N.E. Corstorphine	30	£104,400
South Morningside	30	£104,400
Merchiston	25	£87,000
New Town	25	£87,000
Sciennes	25	£87,000
Dean	20	£69,600
Fairmilehead	20	£69,600
Murrayfield	20	£69,600
Marchmont	15	£52,200

## Discretionary Housing Payments



## Council Tax Reduction Scheme



**Contact details for further information relating to these slides:**

**Sarah Mackenzie**

**Business Intelligence Manager**

**City of Edinburgh Council**

**0131 529 7025**

**[sarah.mackenzie@edinburgh.gov.uk](mailto:sarah.mackenzie@edinburgh.gov.uk)**

**Steven Bunch**

**Business Intelligence Officer**

**City of Edinburgh Council**

**0131 529 6465**

**[steven.bunch@edinburgh.gov.uk](mailto:steven.bunch@edinburgh.gov.uk)**

**Further Questions to Council Responses by Lothian Federation at Corporate Policy and Strategy Committee Meeting, 6 November 2013 (attached)**

Point 2 – Living Wage:

Welfare Benefits do not form part of any Living Wage Policy, which applies to those in work. This policy is to incentivise those in work and encourage those seeking employment.

It would not be appropriate to disadvantage people in work by making it more cost effective to remain on state benefits due to the expenses incurred by being in employment.

To apply the living wage to only Housing Benefit citizens in Edinburgh would be discriminatory as it would not give consideration to those citizens in Edinburgh who do not claim state benefits.

Under the new DHP policy the refusal rate for October is 19% and it is expected that this will continue to decrease to 10% as claims are reviewed back to April.

When assessing the claimants request for DHP their income is assessed against their declared expenditure to determine eligibility for a DHP payment, Benefits Officers though do, where appropriate, increase the declared expenditure of the claimant.

Point 4:

Each case is examined on its merits and customers have the opportunity to explain their expenditure. Assistance is available through various agencies for completion of the form for those who would have difficulty in doing so.

As stated previously the costs of social care are considered and this one case would appear to be an isolated one requires separate investigation on the production of the details.

The current policy is not discriminatory in any way and we will continue to include DLA as part of a claimants income, as well as treating extra expenditure as a result of extra expense for which DLA has been awarded

Point 5:

A DHP application will be issued to every household affected by under occupancy who has not previously applied.

All claimants who have already applied will have their cases reviewed in line with the new policy.

Point 6:

The DHP team has been considerably increased from 4 November and staffing requirements will continue to be assessed depending on need.

Point 7:

Any DHP claims will now be awarded for a year from receipt of application unless it is clear a material change will occur during the life-time of the award. Recipients of DHP will still be obliged to report changes to their circumstances which may affect the amount of benefit and DHP they would receive.

Point 8:

Letter attached

It should be noted that this letter is relates to under occupancy and not the policy for administering DH. All actions in regard to under occupancy have already been determined and we are also working in partnership with SFC and RSLs to ensure that all affected tenants are awarded the correct exemptions.

All tenants who have been identified as under-occupying AND fall into category of entitlement to exemption, have been granted this. It is important that exemptions are entitlements under the terms of Housing Benefit legislation and that DHP is a discretionary fund for those who do not fall into exempt categories.

Point 9

Each case is based on its own merits where the carer stays less than one night per week. A blanket policy cannot be applied as consideration has to be given to the different needs of each claimant.

Point 10:

CEC are satisfied that we are applying the terms of the legislation correctly.

The DHP fund is not applicable just for those affected by under occupancy but includes all those affected by Welfare Reform and it would be inappropriate to apply a blanket policy and each case will continue to be assessed on its own merits.

## Point 11&12

The Council is obliged to make customers aware of their options. No encouragement is given, but those customers seeking advice are given options if they cannot or do not wish to pay the under-occupancy charge.

## New Proposals

- 1) The procedural aspect of the issuing of the DHP form is being reviewed and will be addressed swiftly to ensure that the correct form is issued in all cases.
- 2) The number of bedrooms within a property is designated by individual landlords and entitlement to Housing Benefit is then determined in accordance with the regulations. The City of Edinburgh Council's policy on bedroom sizes was agreed by the Corporate Policy and Strategy Committee on the 1 October 2013 as set out in a report titled "Under Occupation – Redesignation of Bedrooms". A link to the relevant Committee is provided for information [Corporate Policy and Strategy Committee - Tuesday, 01 October 2013 - City of Edinburgh Council](#)
- 3) Each case is determined on its own merit a blanket approach is not applied
- 4) All circumstances detailed are taken into account when considering if a payment of an award should be made
- 5) The DHP Policy is on the CEC website



# Corporate Policy and Strategy Committee

**10am, Tuesday, 3 December 2013**

## Working Groups

<b>Item number</b>	7.2
<b>Report number</b>	
<b>Wards</b>	All

### Links

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<b>Coalition pledges</b>	
<b>Council outcomes</b>	<a href="#">CO25 and CO26</a>
<b>Single Outcome Agreement</b>	

### **Alastair D Maclean**

Director of Corporate Governance

Contact: Kirsty-Louise Campbell, Governance Manager

E-mail: [kirstylouise.campbell@edinburgh.gov.uk](mailto:kirstylouise.campbell@edinburgh.gov.uk) | Tel: 0131 529 3654

Contact: Gavin King, Acting Committee Manager

Email: [gavin.king@edinburgh.gov.uk](mailto:gavin.king@edinburgh.gov.uk) | Tel: 0131 529 4239

# Executive summary

## Working Groups

### Summary

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Working groups are currently a supporting element of the Council's decision-making processes. In line with the Council decision on 24 October 2013, this report proposes revised governance arrangements to ensure clarity within the committee model, enhance corporate oversight and provide a framework of key documentation to support meeting arrangements.

In addition, information is provided on the current range of working groups and scope to reduce numbers while enhancing the role of policy development and review sub-committees in line with the findings of the recent review of political management arrangements.

### Recommendations

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1. To consider options for the rationalisation of working groups in paragraphs 2.1.6 and agree a preferred option;
2. To agree transition arrangements outlined in paragraph 2.1.7;
3. To agree the annual appointment of working groups by the relevant committee set out in paragraph 2.2.1.2;
4. To agree that the relevant committee would approve the remit and appoint the membership of new working groups as set out in paragraph 2.2.2;
5. To agree that the convener of the working group would be able to adjust the remit within the parameters of the outline remit approved by committee or add to the membership if appropriate;
6. To note that an annual report on the number and scope of working groups will in future be provided to the Corporate Policy and Strategy Committee to ensure corporate oversight of working groups across the Council; and
7. To agree to the use of the standard documentation for working groups set out in appendix 3 to the report.

## **Measures of success**

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The integration of working groups into the committee system through rationalisation or approval of remit and membership by committee.

## **Financial impact**

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There are no financial implications as a result of this report.

## **Equalities impact**

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There are no direct equalities impacts as a result of this report.

## **Sustainability impact**

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There is no direct sustainability impact as a result of this report.

## **Consultation and engagement**

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Research was undertaken as part of the Review of the Political Management Arrangements, with feedback from public focus groups, individual interviews and an online survey for elected members.

## **Background reading / external references**

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[Review of political management arrangements – Council 24 October 2013](#)

## Working Groups

### 1. Background

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- 1.1 The Council's existing working groups fit into the following three categories:
  - 1.1.1 long standing, ongoing and consultative;
  - 1.1.2 short life created to examine a particular issue or project with a specific objective;
  - 1.1.3 required by statute, for example, local access forums created by planning legislation.
- 1.2 Policy development and review sub-committees were established in October 2012 to promote greater engagement at the early stages of policy development between the Council, partners and key stakeholders before consideration by a Council committee. The sub-committees do not have the power to make executive decisions and in some cases working groups replicate this activity.
- 1.3 On 24 October 2013, the Council agreed that the majority of issues currently being considered by working groups' could be included on the work programme of policy development and review sub-committees. In addition, Council confirmed that working groups should only be used where essential and be constituted appropriately to align with the issue under consideration.

### 2. Main report

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#### 2.1 Rationalisation of working groups

- 2.1.1 There may be occasions where a working group is the most appropriate model to discuss, engage and consult on areas of council business. This will often be at a very early stage where there is merit in having discussions in private between elected members, officers and partners, prior to debate and decision at committee.
- 2.1.2 In line with the council's commitment to open and transparent decision-making, many discussions could be considered in public, at the policy development and review sub-committees. This will increase accountability, enhance the information available to the public and further improve the democratic process.

- 2.1.3 Feedback from public focus groups during the recent review of political management arrangements confirmed that members of the public would like a say on the local issues that affect them, at an early stage in the process. They indicated that early engagement with the Council via a deputation or the ability to give a presentation to elected members was critical to influence both the direction of discussion and decisions. The policy development and review sub-committees provide an opportunity for the public to view the meeting and request a deputation which working groups often do not.
- 2.1.4 Some working groups may involve external representatives discussing issues with the Council. It is not always necessary for these working groups to contain elected member representation and these can be retained but with officer and external representative members only.
- 2.1.5 The list of working groups, set out in appendix one, indicates which committee the group is aligned to and if there is outside representation sitting as members of the group.
- 2.1.6 It is proposed that Committee agrees one of the following options to rationalise working groups:
- 2.1.6.1 refer the list of working groups, set out in appendix one, to the relevant committees to determine which working groups should be retained, rationalised as officer only groups or their work undertaken by policy development and review sub-committees; or
  - 2.1.6.2 the appropriate director, in consultation with the convener and vice convener of the relevant committee, consider which working groups set out in appendix one should be retained, rationalised as officer only groups or their work undertaken by policy development and review sub-committees.
- 2.1.7 To support the transition, the following adjustments are proposed to enhance the integration of working group business with the policy development and review sub-committees:
- 2.1.7.1 executive committees allocate an area of work formerly undertaken by working group(s) to the sub-committee's work programme;
  - 2.1.7.2 policy development and review sub-committees identify the dates when the issue will be discussed and set a specific time period on the agenda;
  - 2.1.7.3 members and attendees of the working group should be invited to the sub-committee as witnesses and given the opportunity to join in discussion or, if appropriate, be allocated a specific time slot on the agenda to articulate their view; and

- 2.1.7.4 the sub-committee should have an informal set up to ensure an atmosphere conducive to open discussion and debate.

## **2.2 Governance**

### **2.2.1 Appointment by Committee**

- 2.2.1.1 The appointment of working groups annually by committee confirms membership, provides a democratic legitimacy and allows the Council to monitor the number and necessity of all working groups. It will also ensure working groups remain aligned to Council pledges, outcomes, and the single outcome agreement.
- 2.2.1.2 Annual appointment of all working groups in May/June would allow a committee to consider the number and remit of working groups while setting the policy review and development sub committee work programme and the appointment of any sub-committees. The committee will be able to consider the complete framework of meetings in their remit to deliver on key outcomes and objectives.
- 2.2.1.3 Following the appointment of working groups in May/June, an annual report should be provided to Corporate Policy and Strategy Committee to ensure corporate oversight of all working groups across the Council in line with approval of policy review and development sub committee work programmes.
- 2.2.1.4 If a committee retains a working group then the appropriate director should report the working group's findings to the policy development and review sub-committees.

### **2.2.2 Remit and appointment of members**

- 2.2.2.1 Working groups sit outside the provisions of the Local Government (Scotland) Act 1973. As a result, there are no restrictions on membership or requirements to publish papers and there is no statutory right of the public to view proceedings. However, the right of the public to request information under the Freedom of Information (Scotland) Act 2002 does apply to working group papers.
- 2.2.2.2 A working group should not resemble a committee and it should be clear that there are no delegated or decision making powers. If a working group has delegated power then the Local Government (Scotland) Act 1973 would apply and it would have to be constituted as a committee. The appointment of members and the remit are key components in ensuring that the working group has been appropriately established.
- 2.2.2.3 Membership of working groups should not only consist of elected members and it is appropriate for this to contain a mixture of elected

members, officers, key stakeholders or partners. The membership of each working group needs to be clearly defined.

2.2.2.4 Many working groups have a remit set by committee; this provides a clear focus to its membership on their role and responsibilities. However, this is not standard and many working groups have either an insufficient or no remit which can limit achievement of outcomes and objectives.

2.2.2.5 It is proposed that the relevant committee establishes the remit and membership of working groups. However, it is also important to continue to ensure flexibility as matters evolve. To support this the convener of the working group will be able to adjust the remit within the parameters of the outline remit provided by committee or add to the membership if appropriate.

2.2.2.6 A model remit, set out in appendix 2, will be published on the Council's intranet to guide officers when proposing the establishment of a working group.

### 2.2.3 Documentation

2.2.3.1 There is currently no standard documentation for working groups. The current practice is varied and alternates between briefing notes and action sheets, and documents in a committee style.

2.2.3.2 The use of committee documentation by working groups can lead to confusion and limit the effectiveness of the meeting. Committee reports are presented in a format to enable informed decision-making and meet statutory duties relating to areas such as finance, sustainability and equalities. Working group papers are not required to meet these duties and should be in a format that best facilitates engagement, discussion and displays information clearly and succinctly.

2.2.3.3 A set of standard documentation is, set out in appendix 3 for working groups.

## 3. Recommendations

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- 3.1 To consider options for the rationalisation of working groups in paragraphs 2.1.6 and agree a preferred option;
- 3.2 To agree transition arrangements outlined in paragraph 2.1.7;
- 3.3 To agree the annual appointment of working groups by the relevant committee set out in paragraph 2.2.1.2;

- 3.4 To agree that the relevant committee would approve the remit and appoint the membership of new working groups as set out in paragraph 2.2.2;
- 3.5 To agree that the convener of the working group would be able to adjust the remit within the parameters of the outline remit approved by committee or add to the membership if appropriate;
- 3.6 To note that an annual report on the number and scope of working groups would be provided to the Corporate Policy and Strategy Committee to ensure corporate oversight of working groups across the Council; and
- 3.7 To agree to the use of the standard documentation for working groups set out in appendix 3 to the report.

## **Alastair D Maclean**

Director of Corporate Governance

## **Links**

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### **Coalition pledges**

**Council outcomes** CO25 – The Council has efficient and effective services that deliver on objectives  
CO26 – The Council engages with stakeholders and works in partnership to improve services and deliver on agreed objectives

### **Single Outcome Agreement**

**Appendices** Appendix 1 – List of working groups  
Appendix 2 – Model Remit  
Appendix 3 – Working group standard documentation



Ref	Name of Group	Category	Connected Committee	Appointed Annually by Committee	Outside Representation
1	Member / Officer Working Group on the Review of Grants to Third Parties	Short Life	Communities and Neighbourhoods	New	No
2	Neighbourhood Partnership (NP) Conveners	Long Standing	Communities and Neighbourhoods	No	No
3	Edinburgh Cultural Partnership	Long Standing	Culture and Sport	No	Yes
4	Meadowbank Working Group	Short Life	Culture and Sport	New	Yes
5	Festivals and Events Working Group	Long Standing	Culture and Sport	No	Yes
6	Edinburgh Youth Issues Forum	Long Standing	Education, Children and Families	Yes	Yes
7	Improving Community Access to Schools	Short Life	Education, Children and Families	Yes	No
8	Strengthening Support for Pupils with Behavioural Difficulties	Short Life	Education, Children and Families	Yes	No
9	Estate Strategy and Rising Rolls	Short Life	Education, Children and Families	Yes	Yes
10	Early Years	Short Life	Education, Children and Families	Yes	No
11	Consultative Committee with Parents	Long Standing	Education, Children and Families	Yes	Yes
12	Joint Officer/Member Group on Corporate Parenting of Looked After Children	Long Standing	Education, Children and Families	Yes	Yes
13	Castlebrae Working Group	Short Life	Education, Children and Families	New	Yes
14	Pay Day Loans	Short Life	Finance and Resources	New	
15	Elected Members ICT and Digital Sounding Board	Long Standing	Finance and Resources	Yes	No
16	Budget Sounding Board	Long Standing	Finance and Resources	No	No
17	Joint Consultative Group	Long Standing	Finance and Resources	Yes	Yes
18	Corporate, Health, Safety and Well Being	Long Standing	Finance and Resources	Yes	No
19	Scottish HMO Working Group	Long Standing	Health, Social Care and Housing	No	Yes
20	Affordable Housing Political Sounding Board	Long Standing	Health, Social Care and Housing	No	No
21	Empty Homes Task Force	Long Standing	Health, Social Care and Housing	No	Yes
22	Edinburgh Homelessness Forum	Long Standing	Health, Social Care and Housing	No	Yes
23	Multi Storey Working Group	Long Standing	Health, Social Care and Housing	No	Yes
24	Tenant Participation Working Group	Long Standing	Health, Social Care and Housing	No	Yes
25	Co-operative Approaches to Housing Cross-Party Political Sounding Board	Long Standing	Health, Social Care and Housing	No	Yes
26	Health and Social Care Partnership	Long Standing	Health, Social Care and Housing	New	Yes
27	Civic Forum	Long Standing	Planning	No	No
28	City Centre Vision Member Officer Group	Short Life	Planning	New	No
29	Edinburgh Development Forum	Long Standing	Planning	No	No
30	Regulatory Policy	Long Standing	Regulatory	New	No
31	Licensing Policy Development: Members Working Group	Long Standing	Regulatory	New	No
32	Tram All Party Oversight Group	Short Life	Transport and Environment	No	No
33	Tram Operations Group	Short Life	Transport and Environment	No	No
34	Cycle Forum	Long Standing	Transport and Environment	Yes	Yes
35	Capital Prioritisation	Long Standing	Transport and Environment	No	No
36	CEC Local Access Forum	Statutory	Transport and Environment	Yes	Yes
37	Transport Forum	Long Standing	Transport and Environment	Yes	Yes
38	CEC Officer and Member Working Group on Carbon, Climate and Sustainability	Long Standing	Transport and Environment	New	No
39	Zero Waste Cross Party Group	Short Life	Transport and Environment	Yes	No
40	Duddingston Village Traffic Working Group	Long Standing	Transport and Environment	Yes	Yes
41	Edinburgh Roadworks Ahead	Short Life	Transport and Environment	New	No
42	Water of Leith Phase 2	Short Life	Transport and Environment	New	No
43	Leith Links Steering Group	Short Life	Transport and Environment	No	Yes

## **Model Protocol and Remit for Working Groups**

The following six headings are mandatory and should be agreed by the relevant committee.

### **1. Membership:**

List members in full, unlike committees this may include officers and can often include outside representation.

### **2. Convener/Chair:**

Outline if there are rules regarding the Convener i.e. chair is the convener of the relevant executive committee, whether there is a vice-convener and who would chair the meeting in the absence of the convener.

### **3. Substitutes:**

State whether substitutes are allowed and whether they must be from the same political party/outside body.

### **4. Officers**

If not members officers will normally attend to support meetings

### **5. Remit**

Outline what the working group is expected to look at. It should not have decision making powers.

### **6. Code of Conduct**

- a. The Councillors' Code of Conduct (paragraphs 3.14 – 3.15) specifies members' responsibilities regarding private information.
- b. Non-Council members should also be aware that the discussions and papers at this meeting are confidential, and not for public disclosure.

**The following areas are not mandatory but may be appropriate for some working groups:**

**7. Meeting (and papers):**

Outline the frequency of meetings and if there is an expectation regarding the circulation of papers.

**8. Agenda Planning:**

Outline if there are any pre-meetings.

## Agenda

**Working group name**

**Time, day, date**

Venue name and address

### Private and Confidential

1. The Councillors' Code of Conduct (paragraphs 3.14 – 3.15) specifies members' responsibilities regarding private information.
2. Non-Council members should also be aware that the discussions and papers at this meeting are confidential, and not for public disclosure.

### Contacts

Clerk: Name, job title

E-mail: [e-mail address](#) | Tel: 0131 123 4567

Directorate Lead Officer(s): Name, job title

E-mail: [e-mail address](#) | Tel: 0131 123 4567

## **1. Declarations of interest**

1.1 Body text

1.2 Body text

- bullet [or]
- a)
- b)

## **2. Note of previous meeting**

2.1 Body text

2.2 Body text

- bullet [or]
- a)
- b)

## **3. Matters arising**

3.1 Body text

3.2 Body text

- bullet [or]
- a)
- b)

## **4. Presentations/reports**

4.1 Body text

4.2 Body text

- bullet [or]
- a)
- b)

## **5. Date of next meeting**

5.1 Body text

5.2 Body text

- bullet

### **Carol Campbell**

Head of Legal, Risk and Compliance

## **Membership**

### **Members appointed by the Education, Children and Families Committee**

Insert Members names.

### **Outside agency representatives**

Insert names.

### **Lead officers**

Insert officers names.

## **Information about the {name} Working Group**

Include information about the Working group here

## Briefing note

**Working group name**

**Time, day, date**

**Name of item**

Contact: Name, job title

E-mail: [e-mail address](#) | Tel: 0131 123 4567

### Summary

1.1 Body text

1.2 Body text

- bullet [or]
- a)
- b)

### Recommendations

2.1 Body text

2.2 Body text

- bullet [or]

# Note of meeting

**Working group name**

**Time, day, date, venue**

**Present**

Insert names

**Also present**

Insert names

## 1. Minute

**Decision**

2.1 Body text

2.2 Body text

- bullet [or]

a)

b)

## 2. [Item name]

**[subheading]**

2.1 Body text



2.2 Body text

- bullet [or]
- a)
- b)

### **Motion**

2.3 Body text

### **Amendment**

2.4 Body text

2.5 Body text

### **Voting**

2.6 For the motion – XX votes

2.7 For the amendment – XX votes

### **Decision**

2.8 Body text

- bullet [or]
- a)
- b)

## Action note

**Working group name**

**Time, day, date**

Item	Item name	Action	Lead officer
1.	[name]	[name]	Name: [name] Tel: [telephone] <a href="#">[e-mail address]</a>
2.	[name]	[name]	Name: [name] Tel: [telephone] <a href="#">[e-mail address]</a>

# Corporate Policy and Strategy Committee

10.00am, Tuesday, 3 December 2013

## Lothian Pension Fund Engagement Activities

Item number	7.3
Report number	
Wards	All

### Links

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Coalition pledges	
Council outcomes	<a href="#">CO26</a>
Single Outcome Agreement	

### Alastair Maclean

Director of Corporate Governance

Contact: Clare Scott, Investment & Pensions Service Manager

E-mail: [clare.scott@edinburgh.gov.uk](mailto:clare.scott@edinburgh.gov.uk) | Tel: 0131 469 3865

# Executive summary

## Lothian Pension Fund Engagement Activities

### Summary

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#### Background

At its meeting on 24 October 2013, Council called for a report to Corporate Policy and Strategy Committee providing more detail of the engagement activities relating to social and environmental responsible investment of the pension funds and criteria used to judge the social and environmental impacts of the funds' investments, with a view to including a KPI on how the fund performs in these areas.

The City of Edinburgh Council is the administering authority for three Local Government Pension Funds: the Lothian Pension Fund, Lothian Buses Pension Fund and Scottish Homes Pension Fund ('the Funds'). The City of Edinburgh Council is one of over 100 employers who participate in the Lothian Pension Fund.

The Council has delegated power to exercise all functions relating to the pension funds, within the terms of the legislation, to the Pensions Committee. In administering the Funds, the Pensions Committee must exercise fiduciary duty, which is generally interpreted to mean the best financial interests of the members, employers and tax payers.

More detail on the pension funds can be found at [www.lpf.org.uk](http://www.lpf.org.uk).

#### Engagement Activities

The Funds' Statement of Investment Principles, including its approach to engagement activities relating to environmental, social and governance (ESG) investment issues, is reviewed and agreed by the Pensions Committee every year. As fiduciary duty is paramount, the Funds' primary approach is to judge whether ESG issues pose risks to the value of the Funds' investments, rather than to judge the social and environmental impact. However it is anticipated that good ESG practice leads to improved social and environmental impacts.

Therefore, the Funds pursue a policy of constructive engagement on ESG, consistent with fiduciary duty. The Funds' take ESG issues seriously and work proactively to improve standards in the investment industry. However, influencing company behaviour and standards can be a lengthy process. As a relatively small asset owner, to make a difference, collaboration with other investors is important.

Engagement activities cover three strands of work: voting and engagement with the Funds’ individual investments, membership of the Local Authority Pension Fund Forum and being a signatory to the United Nations Principles for Responsible Investment. All engagement activity is reported to the Pensions Committee annually and a summary of each of these strands is provided below.

**Voting and Engagement**

The voting and engagement arrangements on the Funds’ equity holdings are shown in the tables below.

<b>Mandate</b>	<b>Voting and Engagement Arrangement</b>
Baillie Gifford (for Lothian Pension Fund’s Pacific equities & Lothian Buses’ global equities)	Baillie Gifford
UBS (Emerging markets)	UBS
State Street Pooled Funds (for Scottish Homes Pension Fund)	State Street
All other listed equities	Hermes Equity Ownership Services (EOS)

Hermes EOS is owned by the BT Pension Scheme. It undertakes voting and engagement activities for the BT Pension Scheme and other asset owners.

Details of voting and engagement activity undertaken are reported on the pension funds’ website. This includes both the total number of companies where the Funds have voted, details of votes against company management and engagement activity with companies.

Hermes EOS’ recent activity includes engagement with companies on the environment, human rights, ethics, corporate governance, strategy and risk. They have also progressed engagements with a number of companies in relation to significant employee relations issues and allegedly inappropriate labour practices. On supply chain issues, Hermes has engaged with a number of companies in relation to the tragedies in Bangladesh. They also continued to pursue engagements with banks on the issues of risk management, culture and remuneration.

**Local Authority Pension Fund Forum (LAPFF)**

Lothian Pension Fund was a founding member of the LAPFF when it was established in 1990. It promotes the long-term investment interests of local authority pension funds and aims to maximise their influence as shareholders to promote corporate social responsibility and high standards of corporate governance amongst the companies in which they invest, commensurate with statutory regulations.

Councillor Cameron Rose is currently Vice Chair of the Executive Committee of the LAPFF. Its membership has increased over recent years (currently 56 of the 110 local government pension schemes). It is increasingly able, because of its size and reputation, to access company boards.

It has also met with a number of companies to scrutinise how they are responding to the increased scrutiny on safety in overseas factories following the RANA Plaza factory collapse in Bangladesh. Other recent activity has targeted corporate governance, climate change and executive pay. Since the financial crisis, LAPFF has also undertaken significant amount of work on accounting standards for the banking industry.

### **United Nations Principles for Responsible Investment (UN PRI)**

The United Nations-supported Principles for Responsible Investment (PRI) Initiative is an international network of investors working together to put responsible investment into practice. The six principles are:

- Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.
- Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.
- Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.
- Principle 5: We will work together to enhance our effectiveness in implementing the Principles.
- Principle 6: We will each report on our activities and progress towards implementing the Principles.

Lothian Pension Fund signed the PRI in 2008. There are now over 1,200 signatories from across the globe.

### **Assessing Impact of Engagement Activity**

The Funds' ESG activity is focussed on engagement with companies in order to improve performance. Officers monitor the implementation of the Funds' strategy on a regular basis. However, the strategy is essentially qualitative and is wide ranging. The impact is very difficult to quantify, especially in the short term.

Hermes EOS measures its own success by setting and monitoring progress against 'milestones' for each company engagement. In addition, the University of St Andrews is currently undertaking a study to assess the impact of Hermes' Environmental, social and governance interventions on company performance in the long term. Results are expected in 2014.

The PRI undertakes an assessment of compliance of each signatory with the principles. In 2011, Lothian Pension Fund ranked in the top or second quartile against its peers in five out of the six UNPRI principles. Lothian Pension Fund's activity was also quoted in its 'Case Study and Guidance' report. Details can be found on the pension fund website. Since 2011, changes have been made to the UNPRI assessment process as a result of its complexity. The 2012 assessment does not include a comparison with the fund's peers and PRI are continuing to develop the assessment tool.

Given the difficulties in assessing the impact of such qualitative work, and also because improving the social and environmental impact of the Funds is only one aspect of investing pension fund monies, a KPI for the environmental, social and governance aspects of the pension fund is considered to be inappropriate.

However, the pension funds will continue to participate in the PRI assessment and publish its results. Officers will continue to keep abreast of industry developments in order to assess the impact of the Funds' strategies and make recommendations to the Pensions Committee to ensure it remains appropriate.

## Recommendations

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Committee is recommended to:

1. note the fiduciary role of the Council and the Pensions Committee in administering the pension funds;
2. note that the strategy for incorporating environmental, social and governance issues into the pension funds is agreed and monitored by the Pensions Committee; and
3. note that the inclusion of a Key Performance Indicator for such activity is inappropriate given its qualitative nature.

## Measures of success

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Success of engagement with companies is very difficult to measure.

However, the strategy is essentially qualitative and is wide ranging. The impact is very difficult to quantify, especially in the short term.

Lothian Pension Fund is a signatory to UN PRI and as such, completes the annual self assessment.

## Financial impact

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There are no direct financial implications of this report. Arguably, engagement activities on environmental, social and governance issues ensure companies manage these risks more proactively which should have a positive impact on financial performance.

## Equalities impact

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There are no adverse equalities impacts arising from this report.

## Sustainability impact

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Engagement activity is expected to contribute to the sustainability of the Funds' investments.

## Consultation and engagement

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The Lothian Pension Funds' Consultative Panel, including employer and member representatives, plays an integral part in the pension fund governance. They participate in the meetings of the Pensions Committee. The Funds' policy on ESG issues is included in Statement of Investment Principles, which was agreed by the Pensions Committee. Stakeholders are kept informed of engagement activity via the pension funds' website.

## Background reading / external references

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None.

## Links

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Lothian Pension Fund:

- General information: <http://www.lpf.org.uk/>
- Responsible Investment [http://www.lpf.org.uk/info/68/responsible\\_investment](http://www.lpf.org.uk/info/68/responsible_investment)
- <http://www.lpf.org.uk/lpf1/info/76/unpri>

Hermes Equity Ownership Services <http://www.hermes.co.uk/eos/en-gb/home.aspx>

United Nations Principles for Responsible Investment <http://www.unpri.org/>

Local Authority Pension Fund Forum <http://www.lapfforum.org/>

## Alastair Maclean

Director of Corporate Governance



## Links

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### **Coalition pledges**

**Council outcomes** CO26 – The Council engages with stakeholders and works in partnerships to improve services and deliver agreed objectives.

### **Single Outcome Agreement**

**Appendices** None