

Corporate Policy and Strategy Committee

10.00am, Tuesday, 25 February 2014

Welfare Reform – Update

Item number	7.3
Report number	
Wards	All

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Executive summary

Welfare Reform – Update

Summary

This report provides a bi-monthly update on the Council's response to Welfare Reform and how the associated risks are managed.

There are over 3000 Council tenants affected by Under Occupancy. The Welfare Reform Team continue to engage with those affected, providing advice and support.

The DWP issued an urgent bulletin advising of Under Occupancy exemptions dating back to 1996 and work is ongoing to identify Edinburgh tenants who will be exempt. Guidance is also being sought from DWP regarding DHP awarded to exempt tenants.

Benefit Cap processes continue to be prioritised and a range of advice and support is being made available to those affected. Work is underway to remodel rent charging across the Council's temporary accommodation estate to mitigate any negative impact of the Benefit Cap.

As a result of Scottish Legal Aid Funding four partnership project teams have been established providing welfare rights services across the city.

On 13 January 2014 Personal Independent Payments were introduced in Edinburgh. This is likely to impact on advice services and resources are being revisited.

The Council Tax Reduction Scheme budget for 2013/14 has been confirmed as £27.964m. The current spend remains within budget and will be monitored during 2013/14.

The Scottish Welfare Fund remains within budget however a considerable under spend on Crisis Grants was projected. To mitigate the under spend funds have been given to three food banks and money has been transferred to the Community Care Grant budget. At the end of January 2014 the total spend for Crisis Grants was 54% of the budget and the total spend for Community Care Grants was 68%.

A number of initiatives have been introduced to appropriately increase uptake of Discretionary Housing Payments (DHP). At January 2014 the Council had committed to spend 76% of the allocated budget.

The DWP has confirmed Edinburgh's DHP funding for 2014/5 as £1,533,120. The Scottish Government previously advised that it would increase funding to the upper limit and this would give Edinburgh a total fund of £3,832,800 in 2014/5. This represents an increase of £278k when compared with 2013/4. The Scottish Government's 2014/5 Budget identified further funding to address the impact of underoccupancy. The Council will engage with the Scottish Government to confirm the application of the fund.

The revised rollout plans for Universal Credit were outlined in January 2014 by the DWP. It is unclear when this will apply to Edinburgh, however all councils will continue to administer Housing Benefit for considerably longer than previously understood.

Recommendations

It is recommended that the Corporate Policy and Strategy Committee notes:

1. the ongoing actions to assess and mitigate the impact of Welfare Reform; and
2. the next progress update report will be 13 May 2014.

Measures of success

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 relating to benefit changes, including increased benefit take up and minimised losses by ensuring people get their full entitlement under the new arrangements

Financial impact

The increase in numbers of people experiencing hardship has led to increased demand for service across the Council and also partner and advice agencies.

There is a risk to Council income, particularly in relation to rent arrears, changes to subsidy levels for temporary accommodation and service charges. Known risks include:

- Loss of rental income to Housing Revenue Account (HRA) arising from Housing Benefit Under occupancy reforms and Direct Payment under Universal Credit.
- Scottish Welfare Fund and Discretionary Housing Payment budgets will be insufficient to meet demand in the long term.
- 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.
- Reduced DWP Administration Funding due to Central Government budget savings.
- Increased demand on advice and advocacy both for the Council and Third sector advice agencies.

Equalities impact

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

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

Council officials continue to engage with the UK and Scottish Governments, directly and through COSLA, with the DWP, the Third Sector, the NHS and other partners. The Council is also engaging with citizens, both in and out of work, who rely on benefit income and tax credits.

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

Recent reports to committee:

[Welfare Reform – governance](#) – Governance, Risk and Best Value Committee, 30 January 2014

[Welfare Reform – financial update](#) – Finance and Resources Committee 16 January 2014

[Welfare Reform – further update](#) – Corporate Policy and Strategy Committee, 3 December 2013

Welfare Reform – Discretionary Housing Payments Policy – Corporate Policy and Strategy Committee, 5 November 2013

Welfare Reform – further update – Corporate Policy and Strategy Committee, 1 October 2013

Welfare reform – update

1. Background

- 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 bimonthly update reports, the last report being considered on 3 December 2013.

2. Main report

Lead the Council's response to Welfare Reform and Manage the Associated Risk

Council Tenants and Housing Services - Under Occupation (UO)

- 2.1 At this time there are around 3,283 Council tenants affected by the UO regulation. Of these tenants, 2,945 (90%) have had a 14% reduction and 338 (10%) have had a 25% reduction in their Housing Benefit entitlement.
- 2.2 The number of affected tenants in arrears increased from 969 (27%) in April 2013 to 2523 (76%) in September 2013. There is however evidence that the assistance, advice and financial support being provided is starting to address the upward trend and at the end of December 2013 the number of affected tenants in arrears had reduced to 2,017 (61%).
- 2.3 The Welfare Reform Team continue to engage with those affected, providing advice and support for housing options, benefit checking, income maximisation, employment options and assistance with Discretionary Housing Payment (DHP) applications.
- 2.4 There are 1,278 Registered Social Landlord (RSL) tenants affected by the UO regulations. RSLs are also engaging with those affected and some have recruited welfare and tenancy support staff to target efforts.
- 2.5 Since the last update to Committee the DWP has confirmed that social sector tenants in receipt of Housing Benefit continuously since 1996, and have occupied the same dwelling since that date, are not subject to the under occupancy benefit reduction.
- 2.6 The DWP closed this now loophole by way of an amendment to The Housing Benefit (Transitional Provisions) Regulations 2014 laid before Parliament on 5 February 2014. It is anticipated that the amendment will come into force on 3 March 2014.
- 2.7 In response to this anomaly the Benefit Team is currently identifying affected tenants in order to apply the exemption and credit the relevant rent accounts. At 10 February 2014 372 cases have been checked and 68 were identified as

affected. Work is ongoing to identify and process any remaining accounts and all applicable exemptions will be applied prior to the amendment coming into force.

- 2.8 Some of the tenants affected by the 1996 loophole may have received Discretionary Housing Payment (DHP) awards. Local Authorities have very limited powers to withdraw and/or recover DHP and COSLA's special advisor on Housing Benefit has requested urgent guidance on this matter from the DWP. Once the position has been confirmed the Council will put in place the appropriate arrangements.

Temporary and Supported Accommodation

- 2.9 Under Occupancy regulations currently affect 262 properties within the temporary accommodation estate and currently 37 homeless households (12%) have had their housing benefit reduced as a result.
- 2.10 Wherever possible families are placed in properties that reduce the likelihood of under occupancy however there are occasions when families have to be placed in larger properties to meet their emergency housing needs. DHP applications are submitted for all appropriate cases.

Benefits Cap

- 2.11 The Benefits Cap continues to impact on households in temporary accommodation and Private Sector Leasing (PSL) properties. There are currently 76 households in temporary accommodation and 23 in PSL properties who have been capped. Work is underway to remodel rent charging across the Council's temporary accommodation estate for 2014/15 to mitigate the impact of benefit capping.
- 2.12 The Council's Benefit team continues to prioritise all Benefit Cap processes. In addition Services for Communities received transitional DWP funding of £109,594 for 2013/14 to prevent homelessness and to assist people most adversely affected by Welfare Reform. This funding has been used to set up a dedicated support team, supplemented by a DWP Employability Adviser.
- 2.13 The remit of the team is to support citizens affected by the Benefit Cap and Council tenants who are affected by the Under Occupancy regulations. A wide range of information, support and advice is now available. The outcomes from this collaborative working will be available in future committee updates.

Scottish Legal Aid Board Funding (SLAB)

- 2.14 The funding secured from SLAB has enabled a range of welfare and housing advice projects and outreach activities to be taken forward. The following projects have been established:
- The South West Outreach Project (SWOP) - Partnership between Prospect Housing Association, Cyrenians, EHAP and the Council.
 - Registered Social Landlords (RSLs) - Partnership led by Dunedin Canmore with Port of Leith and Hillcrest housing associations.

- Advice Shop partnership with Citizens Advice Edinburgh and Community Learning and Development.
- Shelter Scotland providing money and benefits advice to the travelling community.

Welfare Reform and People with Health Problems

- 2.15 In October 2013 the DWP invited existing Disability Living Allowance claimants living in Wales, East Midlands and East Anglia to claim Personal Independence Payments in certain circumstances. On the 13 January 2014 this was extended to include Dumfries and Galloway, Edinburgh, Galashiels and Motherwell.
- 2.16 New claims for Personal Independence Payments (PIP) will continue to be taken across the UK.
- 2.17 It is anticipated that these changes will impact on Council services, in particular the Advice Shop, as customers look for assistance in applying for PIP and/or appealing against decisions. The extent of any increased demand is unknown, however, in May 2013 there were 22,990 people with a disability claiming Housing Benefit in Edinburgh. This is 6.8% of the working age case load.

Advice Services

- 2.18 Internal improvements have been introduced to improve initial contact and ensure that the customer journey is smoother and fully integrated with the Advice Shop and other advice provision. Greater support from the Advice Shop to the Advice Line is now in place and a robust training plan is being developed.
- 2.19 The provision of debt advice outreach services is also being reviewed. This aims to create additional access points for debt advice in local areas through Neighbourhood Offices, CAB and other partner agencies.
- 2.20 The Advice Agency and DWP forum continues to meet every 6 weeks and includes practitioner discussions to enhance the dissemination of information and best practice.

Council Tax Reduction Scheme (CTRS)

- 2.21 The Council's CTRS funding for 2013/14 has now been confirmed as £27.964m. At 31 December 2013 the available resource projection is 99% committed, however, the demand on this budget changes from month to month in line with changes in customers' circumstances. These changes are monitored to ensure that any emerging pressure is identified at the earliest opportunity.

Scottish Welfare Fund (SWF) – Crisis Grants and Community Care Grants

- 2.22 The target for assessing Crisis Grant applications is two working days. Applications are currently being considered within this time scale. Between the 21 November 2013 and 16 January 2014 there has been one 2nd tier review panel meeting. The original decision was upheld.

- 2.23 The target for assessing Community Care Grant applications is 15 working days and this is not always being achieved. To address this pressure a recruitment exercise is underway and temporary officers have been appointed to ensure this target is consistently met. Between 21 November 2013 and 16 January 2014 there were two 2nd tier review panel meetings. One decision was upheld and one was overturned with the customer receiving the relevant household items.
- 2.24 There continues to be a considerable under spend of the Crisis Grant fund and the following mitigating actions have been taken:
- Approximately £70k over the next 13 months has been awarded to three local food banks - Trussell Trust, Destiny Angels and Broomhouse;
 - £372,000 has been transferred to Community Care Grants to better reflect the spend profile and ensure that funds are available in the right areas; and
 - new promotional material have been distributed to key groups
- 2.25 As a result of these actions the Crisis Grant fund for 2013/14 is:
- £385,891 (previously £757,891 before transfer of funds to Community Care Grant)
 - £204,685 spend to 31 January 2014 (54% of total fund, excluding food bank spend)
- 2.26 The increased Community Care Grant fund for 2013/14 is:
- £1,801,737 (includes £372k transfer)
 - £1,228,680 spend to 31 January 2014 (68% of total fund)
- 2.27 The Scottish Government provided details of the Crisis Grants and Community Care Grants awards for all Scottish Authorities. The Council's combined performance to December 2013 was 57%, the same as the Scottish average. The Council will continue to manage these funds to ensure its effective use, while remaining within budget. The revised spend profile for each fund is included in Appendix 1. The Scottish Government has agreed that any underspend can be carried forward.

Discretionary Housing Payments (DHP)

- 2.28 On 21 January 2014 the Scottish Government published statistics on DHP spend in Scotland for 1 April 2013 to 30 November 2013. Key findings include:
- Scottish Local Authorities received a total of 69,062 DHP applications;
 - 6% of these applications were for Edinburgh (second to Glasgow with 23%);
 - Edinburgh made determinations for 80% of the applications received;
 - Edinburgh awarded DHP for 71% of the applications received; and
 - Edinburgh had committed 39% of overall limit spend against a Scottish average of 46%.
- 2.29 The Council is committed to promoting the fund and ensuring that the application process is as straight forward as possible. Following the last update to Committee in December 2013 and the related deputation by the Lothian Anti Bedroom Tax Federation a number of actions are ongoing:

- 1039 letters were issued asking claimants who had received assistance if they wish to be considered for DHP from 1 April 2013.
 - Further meeting held with representatives from the Lothian Anti Bedroom Tax Federation on 17 January 2014 - agreement to utilise network to promote application process, backdating opportunities and Council to share draft proposal of the new DHP application.
 - Increased DHP resource in place and claims now dealt with within 2 weeks.
 - Engagement with the Third Sector to promote exemptions and DHP.
 - 10,000 DHP flyers produced for distribution to Local Offices, Customer Hubs, NHS Lothian and Third Sector organisations.
 - DHP advertising in targeted areas is being considered.
- 2.30 A detailed response to the deputation to the Corporate Policy and Strategy Committee is included at Appendix 2.
- 2.31 At the end of January 2014 there were 228 DHP applications waiting to be processed, with the largest proportion resulting from the recent backdating exercise. This compares favourably with an outstanding total of 969 at 30 November 2013.
- 2.32 The DHP financial position at 1 February 2014 is:
- £3,555,182 total fund
 - £2,333,389 spend (66% of the fund)
 - £362,536 committed to 31 March 2014 (a further 10% of the fund)
- 2.33 In overall terms the Council has committed to spend 76% of the allocated budget. Appendix 3 outlines the Council's spend/committed DHP spend profile at 1 February 2014.
- 2.34 The latest performance information when compared with the Scottish Government historical data demonstrates that Edinburgh's revised DHP policy and engagement arrangements are proving effective in allocating the additional funding made available by the Scottish Government in October 2013. The refusal rate for DHP applications for the year to date is now 24%, however the refusal rate in December alone was 8%.
- 2.35 The nature of the demand for DHP means accurately projecting the total year spend is challenging. If the remaining two months of 2013/4 follow December and January's monthly spend and commitment levels the budget would be exhausted. However all automatic awards have now been processed and the number of new applications is reducing therefore the Council is estimating spend levels of 90% plus. The Council will continue to promote the fund to all appropriate claimants and if there is an under spend this will be carried over to 2014/15.
- 2.36 The DWP has confirmed Edinburgh's DHP funding for 2014/5 as £1,533,120. The Scottish Government previously advised that it would increase funding to the upper limit and this would give Edinburgh a total fund of £3,832,800 in

2014/5. This would represent an increase of £278k when compared with 2013/4.

- 2.37 The Scottish Government's 2014/5 budget confirmed its intention to increase the money available through Discretionary Housing Payments (DHP) to address the impact of underoccupancy. The Scottish Parliament agreed that the DHP fund is the best way to make payments but if the DWP refuse the request to lift the cap on DHPs, the Scottish Government will make a further £12 million available to social landlords to prevent evictions solely due to underoccupancy. This will increase the funding available to Edinburgh Council in 2014/5 and potentially the application of the fund. The Council will continue to engage with COSLA and the Scottish Government to confirm the funding arrangements and any related application protocol. Once this information is known an update will be provided to Committee.

Payday Loans

- 2.38 A working group has been established to look at ethical alternatives to payday loans. Reports from CAB confirmed that around 30% of payday loans are for essential items like food and fuel.
- 2.39 The Scottish Welfare Fund Crisis Grant could in some instances help support people with the cost of such items. Discussions are therefore ongoing to promote the Scottish Welfare Fund and Discretionary Housing Payments by advertising on lampposts and bus stops near payday loan shops.
- 2.40 The working group are also looking at how the Council can support Capital Credit Union who can provide an ethical alternative to payday loans and establish links with other financial inclusion services.

Direct Payment Demonstration Project (DPDP)

- 2.41 The DPDP has now concluded and various updates and learning reports will be published between spring and autumn. The Chartered Institute of Housing will publish a good practise briefing note by the end of February 2014.
- 2.42 Sheffield and Halem University will shortly publish a 12 month rent analysis report which will summarise the impact of the DPDP on tenants and landlords and highlight key trends and issues. Relevant updates will be provided to Committee.

Universal Credit (UC) and Local Support Services Framework (LSSF)

- 2.43 The DWP's revised plans for rollout of Universal Credit were confirmed in a written ministerial statement on 5 December 2013. The DWP advised that the number of Jobcentres involved would be expanded slowly, and that the six Jobcentres originally identified as pilots, including Inverness, would be 'live' by spring 2014. COSLA and the Scottish Government have committed to facilitate learning events where other councils can receive information on the progress in Inverness in order to support local planning. The Council will play an active role in this engagement however there is no indication as to when Jobcentres in Edinburgh are likely to begin taking claims for Universal Credit.

- 2.44 As a consequence of the slowdown in rolling out Universal Credit councils will continue to administer Housing Benefit for considerably longer than was previously understood. The level of Housing Benefit administration subsidy provided by DWP therefore takes on greater importance.
- 2.45 As previously reported, the Council has experienced a 32.1% reduction in Administration Subsidy for 2008 to 2015, however, between 2008 and 2013 the Council has seen processing levels increase and this is likely to continue beyond 2015. This level of efficiency reduction is no longer sustainable and continued lobbying of DWP at a national level will be required to ensure funding levels do not further reduce.
- 2.46 The DWP has also committed to rolling out the Jobseekers Allowance (JSA) claimant commitment for new JSA claims to all Jobcentres by March 2014. As part of Edinburgh's preparations service links are being developed with the local Jobcentre manager.
- 2.47 The DWP recently published its revised Local Support Services Framework. The document restates previous communications and signals that further testing and trialling will probably include pilot areas but may also extend to other interested councils. The Council will continue to monitor developments.

3. Recommendations

- 3.1 It is recommended that the Corporate Policy and Strategy Committee notes:
- 3.1.1 the ongoing actions to assess and mitigate the impact of Welfare Reform; and
 - 3.1.2 the next progress update report will be 13 May 2014.

Alastair D Maclean

Director of Corporate Governance

Links

Coalition pledges

Council outcomes

Single Outcome Agreement

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

Appendices

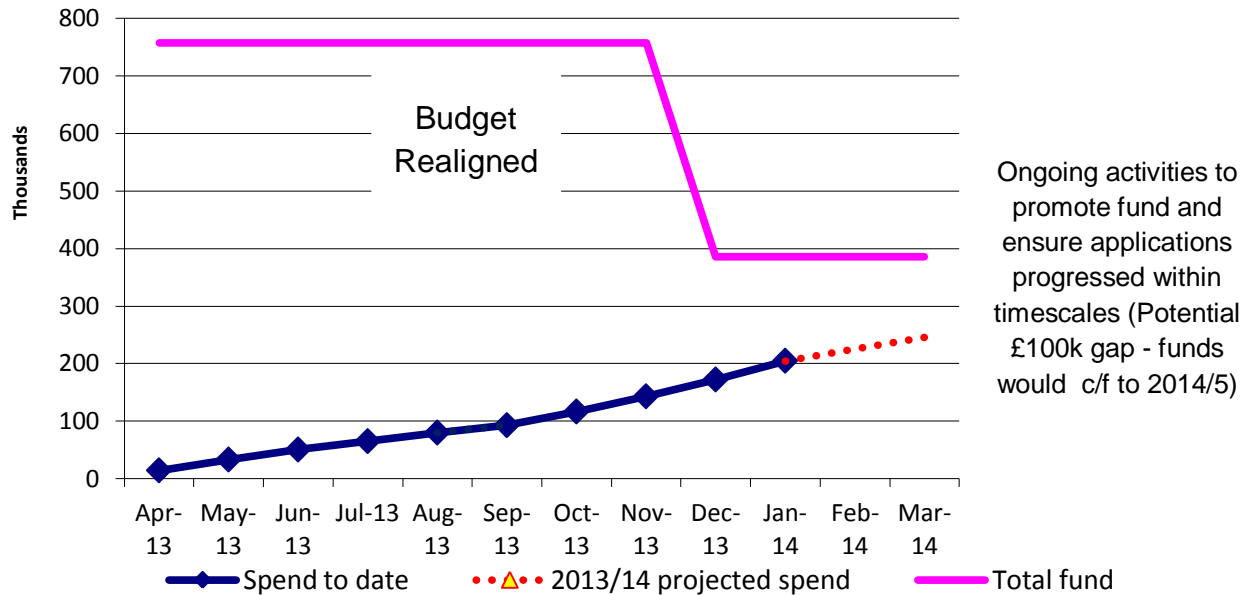
Appendix 1 – The Scottish Welfare Fund spend and Discretionary Housing Payment spend

Appendix 2 - Response to the Lothian Anti Bedroom Tax Federation Deputation of 3 December 2013

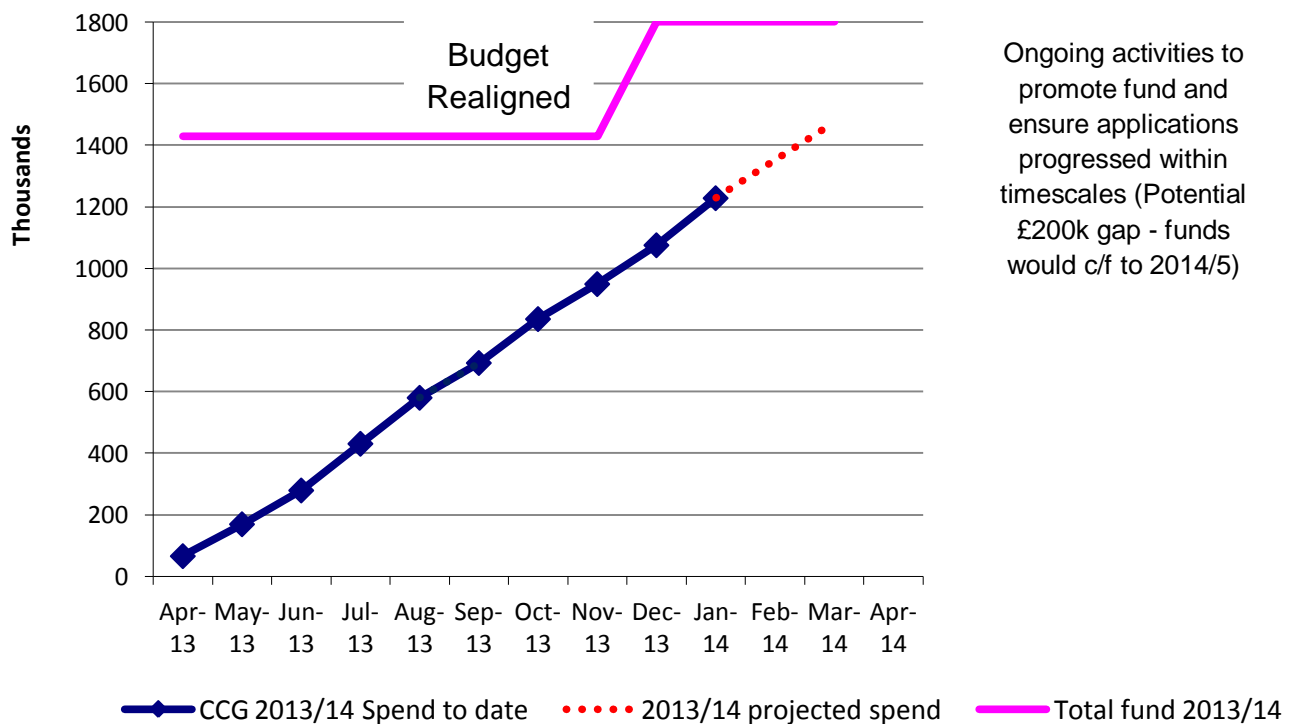
Appendix 3 - Discretionary Housing Payment spend

Scottish Welfare Fund (At January 2014)

Crisis Grant Allocation 2013/14



Community Care Grant Allocation 2013/14



Response to the Lothian Anti Bedroom Tax Federation Deputation

Tenants affected by the Bedroom Tax who have been granted DHP but with a start date later than 1st April should be sent an application for backdating.

1039 letters were issued in January 2014 to claimants in receipt of DHP where the award started later than 01 April 2013. A full DHP form was not issued but a letter requiring confirmation that the claimants circumstances were the same for the period 01 April 2013 to the date they were awarded DHP and the reasons as to why they had not applied for DHP earlier. A pre-paid return envelope was included.

Resources, staffing and timescales for processing DHP

The Council can confirm that following the increase in resources to the DHP team that DHPs are being dealt with within 2 weeks of the date of receipt. The DHP team do hold cases that are older than 2 weeks but these are due to further information being required from the applicant.

Effective processing of bedroom tax exemption

The Council are engaging with the 3rd sector to determine the most effective way to drive forward appropriate uptake of not only exemptions but DHP. Following a meeting with the Lothian anti bedroom tax federation a blank copy of the letter issued regarding backdating has been emailed to the group to encourage uptake from affected tenants. The Council has also agreed to send the draft proposal for the new DHP form to the Lothian Federation anti bedroom tax group for consideration.

Exemptions for tenants with overnight carers

Where an overnight carer is required but on average less than once per week then each case is considered on its own merits.

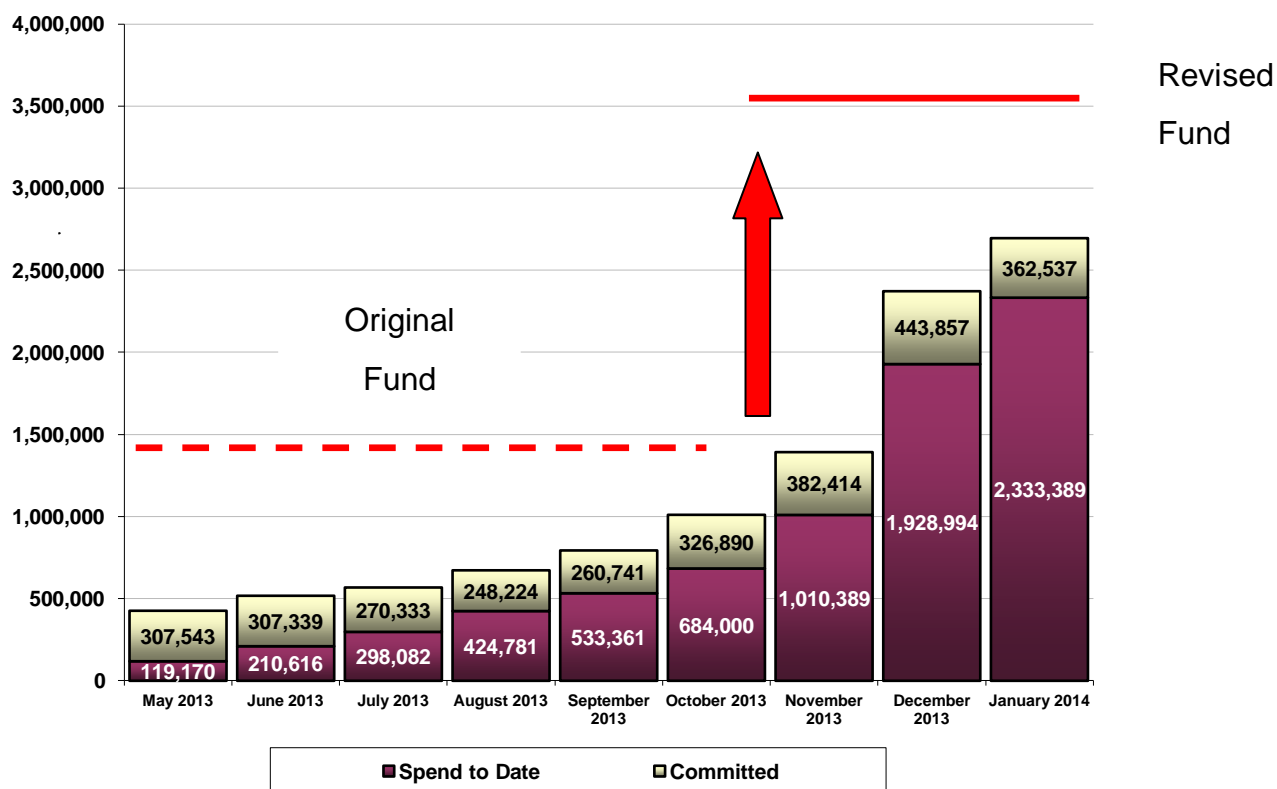
Groups who should always be awarded DHP

The Council note the points raised by the deputation and following the increase in DHP funding from the Scottish Government and the uptake of DHP by tenants all those in receipt of DLA Care (Middle and High rate) and DLA Mobility (High rate) or PIP equivalent have been awarded DHP from 01 April 2013.

The Policy change was agreed by Council on 5th November in line with the funding available and all cases will be considered on their own merits if they do not fall in to the Will Pay categories.

Comments relating to Living Wage Policy and suggestion DLA/PIP should not be counted as income when assessing eligibility for DHP

The Council notes the points raised by the deputation.

Discretionary Housing Payment 2013/4

- Policy updated in November 2013 in line with additional funding
- Campaign to promote new guidelines (November 2013)
- Campaign to promote appropriate DHP backdating (Dec/January 2014)
- Ongoing engagement to promote fund and simplify application process
- 90%+ uptake projected at financial year end, with ongoing activities. Any underspend will carry forward to 2014/5