

Corporate Policy and Strategy Committee

10.00am, Tuesday 5 August 2014

Welfare Reform - Update

Item number 7.1
Report number
Executive/routine
Wards

Executive summary

The Council continues to engage with tenants providing advice and financial support through Discretionary Housing Payments (DHP).

The Scottish Government has requested and has been granted the power to lift the DHP cap in Scotland. Discussions are ongoing between COSLA and the Scottish Government to agree the allocation of the additional £15m that has been made available for Local Authorities to fully mitigate the effects of Under Occupancy.

During April and May 2014 the monthly budget for Crisis Grants was exceeded and 93% of the Community Care Grant monthly budget was spent. As such the priority levels for both funds were amended.

At the end of June 2014 the Council had committed to spend 84% of the 2014/15 Discretionary Housing Payment allocated budget.

The Council continues to promote alternatives to payday loans and is actively engaged in a range of Welfare Reform activities including Universal Credit Local Support Services Framework and Direct Payments.

Links

Coalition pledges

Council outcomes

Single Outcome Agreement [SO2](#)

Welfare Reform – Update

Recommendations

- 1.1 It is recommended that the Corporate Policy and Strategy Committee notes:
 - 1.1.1 the Council's ongoing activities relating to Welfare Reform; and
 - 1.1.2 the next update will be reported to Committee on 7 October 2014.

Background

- 2.1 The Corporate Policy and Strategy Committee recommended on 22 January 2013 to continue to monitor the Council's actions relating to Welfare Reform and requested bimonthly update reports. The last report was considered by Committee on 13 May 2014.

Main report

Council Tenants and Housing Services – Under Occupation (UO)

- 3.1 At the end of May 2014 there were 3,257 Council tenants affected by the UO regulations. Of these tenants, 2,935 (90%) have had a 14% reduction and 322 (10%) have had a 25% reduction in their Housing Benefit entitlement.
- 3.2 At the end of May 2014 there were 7,295 Council Tenants in arrears (£4.27m), 1,708 of whom were affected by the UO regulations. It should be noted that 969 of those affected were already in arrears when the regulations were introduced. This highlights the fact that, although the UO regulations have had an impact on rent arrears, there are other factors that contribute to rent arrears.
- 3.3 There is evidence that the advice and financial support being provided by the dedicated Welfare Reform Team is addressing the upward trend. By the end of May 2014 the number of affected tenants in arrears had reduced to 1,708 from a high of 2,602 in August 2013. At the end of May 2014, 48% of Council tenants affected by UO were no longer in arrears. The overall number of affected tenants in arrears has shown a slight increase however this will reduce again on completion of the 2014/15 Discretionary Housing Payment (DHP) review.
- 3.4 The Council has also simplified the DHP application process for tenants affected by the UO regulations. This will be supported by a further communication campaign to ensure that the Council's share of the additional £35m identified by Scottish Government reaches tenants with rent arrears relating to under occupancy charges in 2014/15. This is considered in greater detail in the DHP

policy update, which is also reported to the Corporate Policy and Strategy Committee meeting of 5 August 2014.

- 3.5 There are currently around 1,293 Registered Social Landlord (RSL) tenants also affected by the UO regulations. The RSLs have provided details of their current rent arrears, and this information and the Council's position is included in Appendix 1.
- 3.6 As well as the financial advice provided to affected tenants assistance is given to enable tenants' make informed decision on their future housing options. Factors such as the availability of suitable homes, individual household circumstances and local support networks can impact a tenants' decision to move. The dedicated Welfare Reform Team continues to provide proactive support to affected tenants. This includes help with bidding for available homes and mutual exchanges, financial support to assist with moving costs and assist with rent deposits in the private rented sector. Contact is also being made with tenants currently in one bedroom homes who are looking to move, to help increase the availability of this size of home.
- 3.7 During 2013/14 there were 3,286 social rented homes advertised for let through the Choice based lettings system. This system is operated by a majority of landlords and receives an average of 133 bids for each home available. There has been a small increase in the number of lets going to households with an under occupation priority, rising from 75 households in 2012/13 (3% of total lets) to 118 households in 2013/14 (4% of total lets). There are just under 1,000 households registered in Edindex with a priority for overcrowding. The letting outcomes for this group have remained fairly static over the same period at around 10% of total lets. During 2013/14 there were 338 homes let to households with an overcrowding priority.

Temporary and Supported Accommodations

- 3.8 UO regulations currently affect 261 properties within the temporary accommodation estate and currently 31 homeless households have had their Housing Benefit reduced as a result. Families continue to be placed in properties where possible that reduce the likelihood of Under Occupancy.

Temporary Accommodation and Benefit Cap

- 3.9 There are currently 99 households in temporary accommodation and 39 in Private Sector Leasing properties where the Benefit Cap applies.
- 3.10 The introduction of the Benefit Cap has not yet had the expected impact on residents in temporary accommodation. This area continues to be monitored by the Council and support is provided as appropriate to affected households.

Scottish Legal Aid Board (SLAB) Funding

- 3.11 There are currently four welfare related projects supported by the Scottish Legal Aid Board funding. Between March and May 2014 the RSL partnership assisted 81 clients with benefit, welfare and income maximisation related matters. The

partnership is also assisting tenants to complete the new Personal Independence Payments (PIP) application forms. Initial findings indicate that this is a resource intensive activity and demand is expected to increase. Further funding is likely to be sought beyond March 2015 to support this work

- 3.12 The Council's Advice Shop and Citizens Advice Edinburgh partnership continues to provide support and advice in benefit related matters in all 5 Citizens Advice Bureaus to ensure advice is accessible and responds to customers' needs. An additional outreach provision is being trialled in Oxfams to determine demand in the area.
- 3.13 Since the 6 January 2014 the Cyrenians, CHAI and Granton Information Centre partnership has dealt with 310 enquiries, 237 of which were benefit related and 73 were money advice issues. Between January and June 2014 the success of this partnership has resulted in customers accessing over £250k of benefits and grants. The Shelter Scotland Partnership continues to effectively target specific sections of the community that require benefit assistance and advice.

Advice Services

- 3.14 In March 2014, The Advice Shop initiated a Debt Advice Forum to bring together Council representatives and Third Sector Advice Agencies to share information and coordinate responses to debt issues. This multi agency activity now meets quarterly and recent discussions involving the Council, Edinburgh Voluntary Organisations, Cyrenians, The Advice Shop and the Council's Homelessness service focused on the support, and advice services provide in terms of debt and budgeting advice and the outreach provision that is available.

Council Tax Reduction Scheme (CTRS)

- 3.15 The Council's CTRS funding for 2014/15 is estimated at £27.5m this will be confirmed later in the year. The demand on the 2014/15 budget will be monitored from month to month in line with changes to customers' circumstances. These changes will be monitored to ensure that any emerging pressure is identified at the earliest opportunity. At May 2014 the annual projection for the fund was 97.4% and within monitoring tolerances.
- 3.16 The Scottish Government has now published caseload and expenditure statistics for 2013/14, the first year of the CTRS in Scotland. Key statistics include:
- 543,240 CTR recipients in Scotland in March 2014, with a total weekly expenditure estimate of £6.945m;
 - provisional total expenditure on CTR in Scotland in 2013/14 was £360.1m;
 - number of recipients and average weekly expenditure have both decreased between April 2013 and March 2014 by 1.7% and 2.7% respectively;
 - 208,330 (38%) CTR recipients in March 2014 were aged 65 or over;
 - 89,820 (17%) CTR recipients in March 2014 were lone parents; and
 - number of CTR recipients in March 2014 was equivalent to 22.5% of the total number of chargeable dwellings.

3.17 Edinburgh had the third highest caseload in Scotland with 7% and the second highest expenditure with £27.69m.

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

3.18 Currently 95% of applications for Crisis Grants are being considered the same day they are received, the further 5% continue to be considered within the target of two working days. There has been one 2nd tier review panel meeting since April 2014 and the original decision was upheld.

3.19 Currently 85% of applications for Community Care Grants are being considered within the target of 15 days. To address this pressure two new SWF decision makers have been recruited and have been in post from 14 July 2014. A new Administrative Officer has been appointed to assist with the work relating to the new purchasing system. There have been six 2nd tier review panel meetings since April 2014. Four original decisions were upheld, one was overturned with the customer receiving the relevant household items and one was deferred requiring further information.

3.20 The SWF budget for 2014/15 is £2,187,628, of which £455,000 has been allocated to the Crisis Grant fund and £1,732,628 to The Community Care Grant fund.

3.21 The Crisis Grant fund for 2014/15 is:

- £455,000
- £122,464.42 spend to 30 June 2014 (26% of total fund)

3.22 The Community Care Grant fund for 2014/15 is:

- £2,127,628 (Includes £395,000 carry forward from 2013/14)
- £409,058.21 spend to 30 June 2014 (19% of total fund)

3.23 The Scottish Government recently provided details of the Crisis Grants and Community Care Grants awarded for all Scottish Authorities. The Council's combined performance for April 2014 was 6% and May 14%, which is slightly below the Scottish average of 8% and 17% respectively. The 2014/15 spend profile for each fund is included in Appendix 2.

3.24 During April and May 2014 the monthly budget for the Crisis Grant was exceeded and 93% of the monthly Community Care Grant was spent. Therefore from 1 June 2014 claims for both grants were being considered at medium and high priority levels only. A further amendment was made to the priority levels from 1 July Crisis Grant applications will only be considered for high priority cases and the Community Care Grant continues to be considered at medium and high.

3.25 The monthly spend levels for both grants continue to be monitored on a daily basis to allow appropriate adjustments to be made to the priority levels.

3.26 The Furnishing Service who replaced Bethany Christian Trust as household goods supplier has delivered 88% of ordered goods within 5 working days. The

Furnishing Service has opened a new warehouse in Edinburgh with a view to opening a further one in the North or South of the city later in the year.

Discretionary Housing Payments (DHP)

- 3.27 There have been 4470 DHP applications considered up to 30 June 2014. Of these applications 356 related to 2013/14 but were received within the cut off period. As the 2013/14 fund is now closed all successful applications will be awarded from the 2014/15 fund.
- 3.28 During this time there have been 100 refusals for 2013/14 and 214 for 2014/15. The overall refusal rate is currently 5.3%.
- 3.29 At 30 June 2014 the Council's DHP financial position is:
- £3,833,120 total fund
 - £1,124,358.77 spend (29% of spend)
 - £2,084,645.35 committed to 31 March 2015 (a further 55% of the fund)
- 3.30 In overall terms the Council has committed to spend 84% of the allocated budget. Appendix 3 outlines the Council's DHP spend profile at 30 June 2014.
- 3.31 The Scottish Government has made £15m of additional funding available to Local Authorities to supplement DHP budgets and fully mitigate the effects of Under Occupancy for 2014/15. The Scottish Government requested and has been granted the power to lift the DHP cap in Scotland. Discussions are currently ongoing between COSLA and the Scottish Government to agree the allocation of the additional funding.
- 3.32 DHP is now being awarded to all tenants who are under occupying their properties in Edinburgh for 2014/15. This is prior to the amount of additional funding being confirmed by Scottish Government.
- 3.33 While an automatic DHP award is not permissible, the application process for tenants under occupying has been simplified. At this point no application is required for tenants whose shortfall in rent is solely due to the UO regulations. Attempts are also being made to contact up to 2,000 affected tenants by telephone, email and letter to allow the awards to be progressed. The new DHP policy update will be available on the website once it has been approved by the Corporate Policy and Strategy committee.
- 3.34 Until the Scottish Government has confirmed the Council's share of the additional funding it is unclear if the current DHP budget will be sufficient to consider backdating to April 2013. The issue of backdating has been addressed in the complimentary report on the Corporate Policy and Strategy agenda for 5 August 2014.

Payday Loans

- 3.35 The Council has also been actively involved in the issue of payday loans. The payday lending working group continue to meet monthly to look at ethical alternatives to payday loans and consider longer term, sustainable solutions. As

part of this work Licensing and Trading Standards presented an update on payday lending to the Corporate Policy and Strategy Committee on 10 June 2014.

- 3.36 Discretionary Housing Payments (DHP) and the Scottish Welfare Fund (SWF) continue to be advertised and promoted to maximise uptake of the funds to steer customers away from payday lenders. There is however a risk that claimants' will look to payday loan companies to help meet household expenses if their application for DHP or SWF is unsuccessful. To mitigate this risk the DHP and SWF teams will signpost unsuccessful claimants to other Council Services for advice and support. These include the Advice Shop, Welfare Team, Income Maximisation Service, Social Care Direct and local offices.
- 3.37 Water of Leith Credit Union is a new Credit Union which will open in Edinburgh in early 2015. This will follow the successful Ayrshire partnership model and will invite participation from local Registered Social Landlords (RSLs).
- 3.38 As part of the Cooperative Capital initiative and specifically the Cooperative Corporate Social Responsibility Theme, an event is being organised which will focus on profiling a responsible approach to loans and financing for people who maybe experiencing poverty or be disadvantaged. This multi-agency event will link with other activities being progressed through the Council's Communities and Neighbourhoods Committee.
- 3.39 The event is scheduled for November 2014 and will consider case studies surrounding payday loans and potential outcomes. There will also be three workshops facilitated on the day which will cover investigating other forms of loans, tackling in-work poverty and how the term "responsible lending" is best applied in Edinburgh.

Direct Payment Demonstration Project (DPDP)

- 3.40 The DPDP has now concluded and an independent report has been compiled by the organisations involved. The document highlights issues that social landlords should consider in their preparation for Universal Credit and direct payment of Housing Benefit in particular.
- 3.41 The final DPDP press release was published in July 2014 and provides the latest analysis of the first 18 payment periods for the projects running in England and Wales and the first 16 payments in Edinburgh.
- a total of 4,719 tenants were paid by direct payment. A further 1,993 had been paid by direct payment but had their payments switched back to their Landlord;
 - a further 116 had their payments switched forward, so direct payments were restored after a period of managed payments; and
 - the total rent charged was £34,954,984 and the average rent collection rate was 95%.

3.42 The Council will continue to learn from these pilots and ensure that best practice approaches are adopted when Direct Payments are formally launched.

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

3.43 As previously reported, the number of claimants being processed through Universal Credit is significantly lower than anticipated and these are restricted to pilot sites. The DWP are now accepting new UC claims in the “live sites” for couples and people with children over the spring and autumn. However there are no firm details of timescales or volumes as yet. It is unlikely that UC will roll-out in Edinburgh before 2016 at the earliest.

3.44 The DWP are funding 6 pilot areas throughout the UK to test different aspects of LSSF before being rolled out nationally as part of UC. Only 1 pilot area in Scotland has been funded.

3.45 Edinburgh submitted a joint bid with the DWP Jobcentre Plus for funding but this was unsuccessful. It is still the Council’s intention to support customers prepare for UC. This will include establishing:

- skills and work experience;
- basic digital skills; and
- personal budgeting knowledge and experience.

3.46 This will be a joint approach and will include various Council services, DWP Jobcentre Plus, Registered Social Landlords, Advice Agencies, voluntary organisations and Work Programme Providers.

The Welfare Reform Working Group

3.47 The Welfare Reform Working Group continues to meet quarterly to monitor the impacts of Welfare Reform on the Council and its service user. The next meeting is scheduled for September 2014.

3.48 The member/officer meeting of 10 June 2014 discussed and considered a number of issues that feature in this report. These include:

- delivering Social Security in Edinburgh and the development of a Strategic Response to Welfare Reform in Edinburgh;
- activities relating to the Local Support Services Framework; and
- presentation from the Furnishing Service (SWF household goods supplier)

Strategic Response to Welfare Reform in Edinburgh

3.49 As previously reported the Welfare Reform Core Group has been developing a strategic response to welfare reform in Edinburgh. The draft response was presented at the member/officer meeting and it is anticipated that the paper will be presented to the Corporate Policy and Strategy Committee in September 2014.

Single Fraud Investigation Service (SFIS)

- 3.50 SFIS is a new national body that will bring together welfare benefit fraud investigations currently undertaken by DWP, councils and HMRC. This will see Council Housing Benefit fraud staff transfer to the DWP.
- 3.51 The implementation date for the Council is 1 November 2014. Meetings between the DWP's and the Council's HR teams have taken place and we will continue to work together to ensure that staff are properly supported during any transfer and transition to the new service.
- 3.52 In conjunction with this activity the Council is also progressing the creation of an internal fraud team that will investigate potential fraudulent activities that fall out with the scope of SFIS e.g. CTRS fraud.

Measures of success

- 4.1 The success of the programme 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 minimises losses by ensuring people get their full entitlement under the new arrangements

Financial impact

- 5.1 The increase in numbers of people experiencing hardship has led to increased demand for services across the Council and also partner 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 the Housing Revenue Account (HRA) arising from Housing Benefit under Occupation reforms and Direct Payment under Universal Credit;
 - Scottish Welfare Fund and Discretionary Housing Payment budget will be insufficient to meet demand longer term;
 - the spend on Council Tax Reduction Scheme exceeds the available funding;
 - reduced DWP Administration Subsidy due to the abolition of Council Tax Benefit, the phasing out of Housing Benefit and Central Government budget savings; and
 - increased demand on advice and advocacy both for the Council and Third Sector advice agencies.

Risk, policy, compliance and governance impact

6.1 The financial risk to the Council as well as the risk to the Council's reputation is being monitored regularly. Actions taken to assess and mitigate these risks and ensure effective governance include:

- bimonthly update to Corporate Policy and Strategy and Finance and Resources Committees;
- annual update to Risk, Governance and Best Value Committee;
- dedicated teams introduced to provide support and assistance;
- quarterly meetings with Elected Members, Council Officers and External Partners; and
- a strategic approach and action plan for delivering Social Security in Edinburgh (A strategic response to Welfare Reform in Edinburgh)

Equalities impact

7.1 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

8.1 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

9.1 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 of Welfare Reform, namely Local Authority Transition Working Group (LATWG), Practitioners Operational Group (POG), as well as COSLA's Welfare Reform Local Authority Representative Group.

Background reading / external references

Recent reports to committee:

[Welfare Reform – update](#) – Finance and Resources Committee, 5 June 2014

[Welfare Reform – update](#) – Corporate Policy and Strategy Committee, 13 May 2014

[Welfare Reform – update](#) – Finance and Resources Committee, 20 March 2014

[Welfare Reform – update](#) – Corporate Policy and Strategy Committee, 25 February 2014

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

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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 – Council and Registered Social Landlord rent arrears profile

Appendix 2 – The Scottish Welfare Fund spend

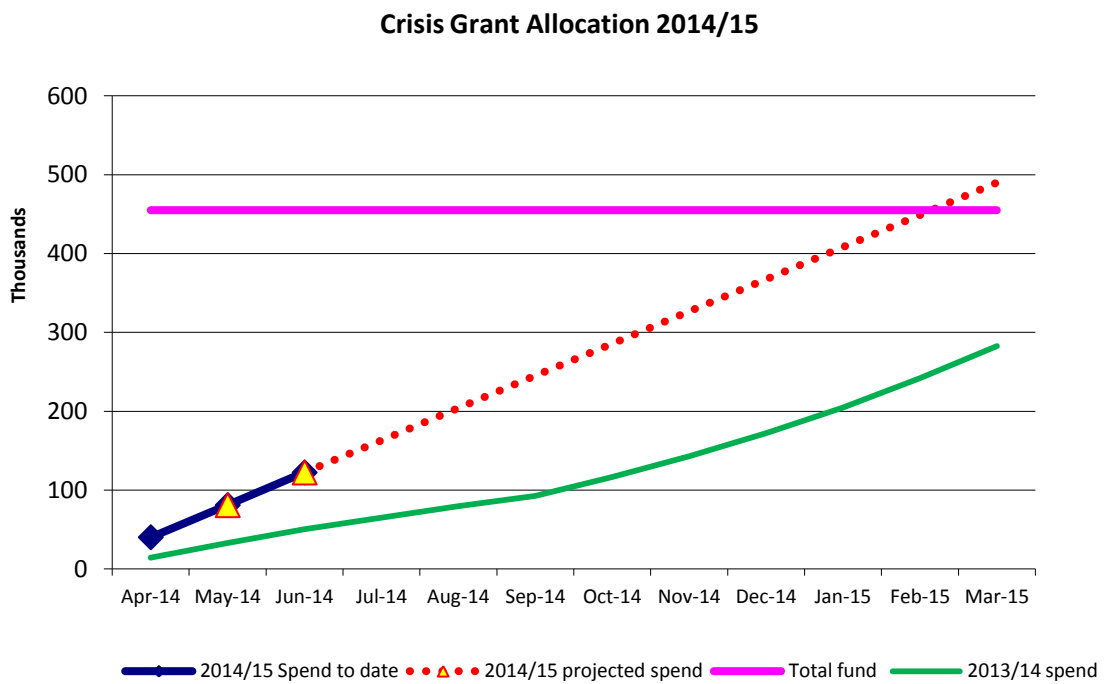
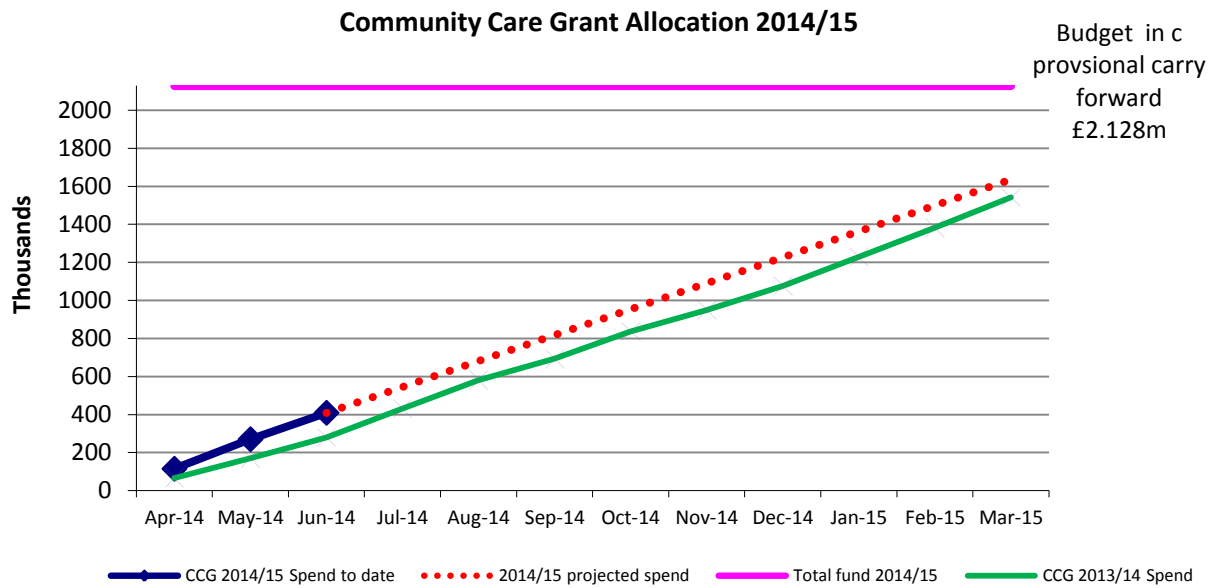
Appendix 3 – Discretionary Housing Payment Spend

Council and Registered Social Landlords Rent Arrears Profile

Name	Total Housing Stock Properties	Total Rent Arrears (£) 2014/15	Current Number of Tenants Impacted by UO	Number of Tenants UO who have Rent Arrears	% of Tenants UO who have Rent Arrears	Total Current Rent Arrears Relating to UO (£) 2014/15
*CEC	19,915	4,272,479	3,257	1,708	52%	556,664
**RSL 1	482	63,562	46	33	71.7%	6,964
RSL 2	5,451	740,126.38	363	232	63.91%	95,164.54
***RSL 3	201	23,279	21	4	19%	1,013

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- *Information relates to the end of May 2014
- *£556,664 this figure excludes pre existing arrears for tenants affected by UO rules prior to April 2013
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- **Arrears are high as 2 weeks housing benefit for all tenants has not been received as it's paid 4 weekly in arrears
- **We are unable to provide a breakdown of arrears attributable to UO only. I have included the total arrears for these cases
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- *** Information as at the end of June 2014

Scottish Welfare Fund (June 2014)



Discretionary Housing payment 2014/15

DHP Fund Allocation 2014/15

