

Corporate Policy and Strategy Committee

10.00am, Tuesday 30 September 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.

Applications for Crisis Grants continue to be considered for high priority cases only and Community Care Grants for medium and high priorities.

The Scottish Government has now confirmed that Edinburgh has been allocated an additional £687,102 to fully mitigate Under Occupancy for 2014/15. This has increased our Discretionary Housing Payment fund to £4.52m for 2014/15 the Council has committed to spend 93% of the increased 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.

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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 change to the reporting cycle from bi-monthly to quarterly.

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 5 August 2014.
- 2.2 Following discussions with relevant Councillors it has now been agreed to report the Welfare Reform update on a quarterly basis, to align with the Working Group meeting cycle.

Main report

Council Housing Services – Under Occupation (UO)

- 3.1 Advice and assistance continues to be provided to households affected by welfare reform. This includes financial advice and assistance to all affected households with regard to consideration of their future housing options. Work is also being undertaken to identify tenants likely to be significantly impacted by future changes arising from Universal Credit and direct payments and to plan for the required changes to services. Updates will be provided to Committee as this work is progressed.
- 3.2 The number of council tenants affected by under-occupation remains fairly static. At the end of July 2014 there were 3,148 tenants affected. Of these tenants, 2,831 (90%) have had a 14% reduction and 317 (10%) have had a 25% reduction in their Housing Benefit entitlement. There are also 20 current tenants affected by the Benefits Cap.
- 3.3 At the end of July 2014 there were 7,264 council tenants with some level of rent arrears (cash value of £4.6m), 1,473 of which were affected by the UO regulations. It should be noted however that there were 969 affected tenants with outstanding rent arrears when the regulations were implemented. The financial advice and assistance has had a positive impact and the number of

affected tenants in arrears has stabilised, reducing from a high of 2,602 in August 2013.

- 3.4 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.

Temporary and Supported Accommodations

- 3.5 There are currently 71 households in temporary accommodation and 31 in Private Sector Leasing properties where the Benefit Cap applies. Under Occupancy regulations currently affect 254 properties within the temporary accommodation estate and 32 homeless households have had their Housing Benefit reduced as a result.
- 3.6 Families continue, where practicable, to be placed in properties that reduce the likelihood of them being affected by the Under Occupancy regulations. They may on occasion be placed in a larger property to meet their emergency housing need.
- 3.7 Households in temporary accommodation who are affected by the Benefit Cap and/or Under Occupation continue to be provided with advice and assistance to apply for Discretionary Housing Payments.

Scottish Legal Aid Board (SLAB) Funding

- 3.8 The four welfare related partnership projects supported by the SLAB funding continue to work together to assist clients with benefit, welfare and income maximisation related matters. The projects place an emphasis on providing assistance with Discretionary Housing Payment and Personal Independence Payment applications.
- 3.9 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 has been established in the Oxfangs Neighbourhood Centre on Friday mornings.

Advice Services

- 3.10 The Debt Advice Forum and Advice Agencies Forum continue to meet regularly to share and discuss related issues.

Council Tax Reduction Scheme (CTRS)

- 3.11 The DWP has confirmed that it will continue with the funding arrangement in place for 2014/15. This reflects the evolving nature of CTRS and that the implementation and migration of Housing Benefit to Universal Credit has been delayed. The related Settlement and Distribution Group are considering the distribution of the funding and will advise Local Authorities accordingly.

3.12 The demand on the 2014/15 budget continues to be monitored from month to month in line with changes to customers' circumstances. At July 2014 the annual projection for the fund was 96% and remains within monitoring tolerances.

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

3.13 The majority of applications for Crisis Grants are being considered the same day they are received. There has been no 2nd tier review panel meeting during July.

3.14 Approximately 90% of applications for Community Care Grants are being considered within the target of 15 days. Staffing levels within the team continues to be an issue however further recruitment is underway to address this pressure. There have been four 2nd tier review panel meetings during July 2014. Three original decisions were upheld and one was overturned with the customer receiving the relevant household items.

3.15 The SWF budget for 2014/15 is £2,187,628 plus £395,000 carried forward from 2013/14. A total of £455,000 has been allocated to the Crisis Grant fund and £2,127,628 to the Community Care Grant fund.

3.16 The Crisis Grant fund for 2014/15 is:

- £455,000
- £154,128.52 spend to 31 July 2014 (33% of total fund)

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

- £2,127,628
- £530,366.69 spend to 31 July 2014 (24% of total fund)

3.18 The Scottish Government recently provided details of the Crisis Grant and Community Care Grant awarded for all Scottish Authorities. The Council's combined performance for June 2014 was 21% and July 27%, which is slightly below the Scottish average of 25% and 32% respectively. The 2014/15 spend profile for each fund is included in Appendix 2.

3.19 Crisis Grant applications continue to be considered for high priority cases only and the Community Care Grant for medium and high. 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.

3.20 The Furnishing Service has delivered 92% of ordered goods within 5 working days. Positive feedback has been received from the SWF team and customers.

3.21 The Furnishing Service's new warehouses in Edinburgh are now fully operational and a further warehouse is being considered in the north of the city. The Furnishing Service has also agreed to set up local community links with schools to start apprenticeship schemes.

Discretionary Housing Payments (DHP)

- 3.22 In May 2014 the Scottish Government announced that an additional £15m would be allocated to Local Authorities to supplement DHP budgets and fully mitigate the effects of Under Occupancy for 2014/15.
- 3.23 The Scottish Government has now confirmed that £12m of the additional £15m will be made available now to 20 Local Authorities who do not have sufficient funds to fully mitigate Under Occupancy. As a result Edinburgh has been allocated an additional £687,102 and this has increased our total DHP fund for 2014/15 to £4.52m.
- 3.24 The remaining £3m of Scottish Government funding will be distributed to councils based on actual DHP expenditure following the publication of the 2014/15 DHP statistics in May 2015.
- 3.25 Edinburgh's projected DHP spend for 2014/15 is estimated at around £4.75m. Therefore a proportion of the remaining £3m will be required to cover all of Edinburgh's DHP expenditure. The Council will continue to monitor DHP spend on a monthly basis and an appropriate claim will be made to the Scottish Government.
- 3.26 Council officers estimated that a further £1.8m would be required to fully mitigate Under Occupancy for 2013/14. There are no additional funds available to address this type of backdating.
- 3.27 There have been 5,813 DHP applications considered up to 31 August 2014. Of these applications 379 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 98 refusals for 2013/14 and 328 for 2014/15. The overall refusal rate is currently 6%.
- 3.29 At 31 August 2014 the Council's DHP financial position is:
- £4,519,902 total fund
 - £1,914,451 spend (42% of fund)
 - £2,328,158 committed to 31 March 2015 (a further 51% of the fund)
- 3.30 In overall terms the Council has committed to spend 93% of the allocated budget. Appendix 3 outlines the Council's DHP spend profile at 31 August 2014.
- 3.31 The DHP telephone campaign to contact tenants who are Under Occupying has successfully engaged with and awarded payments for 541 tenants. The next step is to write to the 531 tenants who could not be reached by telephone. At this time 10 tenants refused DHP assistance therefore further contact is being considered.

Payday Loans

- 3.32 The Council continues to be actively involved in the issue of payday loans and the working groups meet regularly to look at ethical alternatives to payday loans and consider longer term, sustainable solutions.

Direct Payment Demonstration Project (DPDP)

- 3.33 The Council continues to learn from this project and will ensure that best practice approaches are adopted when Direct Payments are formally launched.

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

- 3.34 The first tranche of new Jobcentres to go live in the North West was completed on 28 July 2014. On the same day the roll-out of UC to couples was applied to all live sites. UC is now available to claimants who are newly unemployed but without children. The roll-out to families is still scheduled to commence in the autumn. It remains unlikely that UC will roll-out in Edinburgh before 2016 at the earliest.
- 3.35 Scottish Government and COSLA have written jointly to the UK Government to make representation that the Housing Benefit Administration Grant be protected from further reductions due to the delay in the introduction of UC. The Minister for Welfare Reform, Lord Freud, has confirmed no adjustment will be made to the funding for 2015/16 for UC migration due to the slowdown of implementation.
- 3.36 The Council, DWP and key partners met on 3 September 2014 and agreed a development plan to deliver the LSSF pilot as an informal trial. The trial will commence in October 2014 and end in October 2015 with regular reviews during this period.

The Welfare Reform Working Group

- 3.37 The Welfare Reform Working Group continues to meet quarterly to monitor the impacts of Welfare Reform on the Council and its service user. The group met on the 8 September 2014. Agenda items included:
- delivering Social Security in Edinburgh and the development of a Strategic Response to Welfare Reform in Edinburgh;
 - community planning; and
 - planning for Universal Credit – presentation
- 3.38 Following discussions with relevant Councillors it has now been agreed to report the Welfare Reform update on a quarterly basis, to align with the Working Group meeting cycle. The next Working Group meeting is scheduled for December therefore the next update to Committee will be in January 2015. Officers will provide additional reports if there are any matters of particular urgency.

Strategic Response to Welfare Reform in Edinburgh

- 3.39 The strategic response to welfare reform and related action plan is included in the complimentary report on the Corporate Policy and Strategy Committee agenda for 30 September 2014.

3.40 The Welfare Reform Core Group has agreed that the action plan will be addressed quarterly with updates to the Welfare Reform Working Group.

Single Fraud Investigation Service (SFIS)

3.41 The implementation date for the Council remains as 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 staff are properly supported during any transfer and transition to the new service. A separate update will be provided to Finance and Resources Committee in October 2014.

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 updates were provided to Corporate Policy and Strategy and Finance and Resources Committees, however, these will now be reported on a quarterly basis, to align with the Working Group meeting cycle;
- 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.
- 9.2 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, 28 August 2014

[Discretionary Housing Payment Policy](#) – Corporate Policy and Strategy Committee, 5 August 2014

[Welfare Reform – update](#) – Corporate Policy and Strategy Committee, 5 August 2014

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

[Welfare Reform – update](#) – Corporate Policy and Strategy Committee, 13 May 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	4,618,809	3,148	1,473	47%	*563,835
**RSL 1	482	108,659	47	32	68.1%	Not Known
RSL 2	5,451	717,605.23	361	208	57.62%	98,585.99

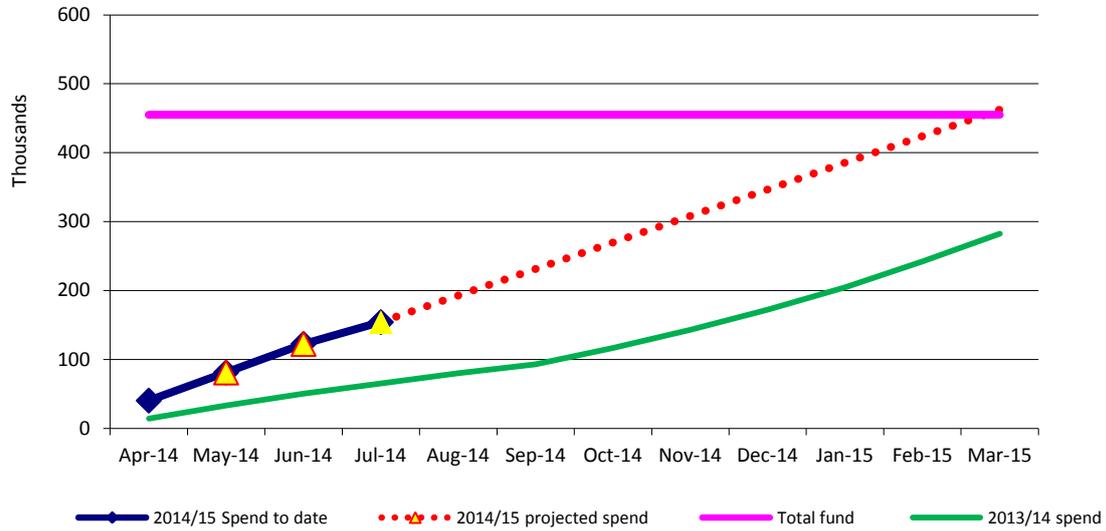
* Please note that this figure is the arrears accrued by tenants affected by Housing Benefit Under Occupancy since April 2013. It does not include any pre-existing arrears.

** Arrears figures are based on the rent fortnight ending 17th August 2014.

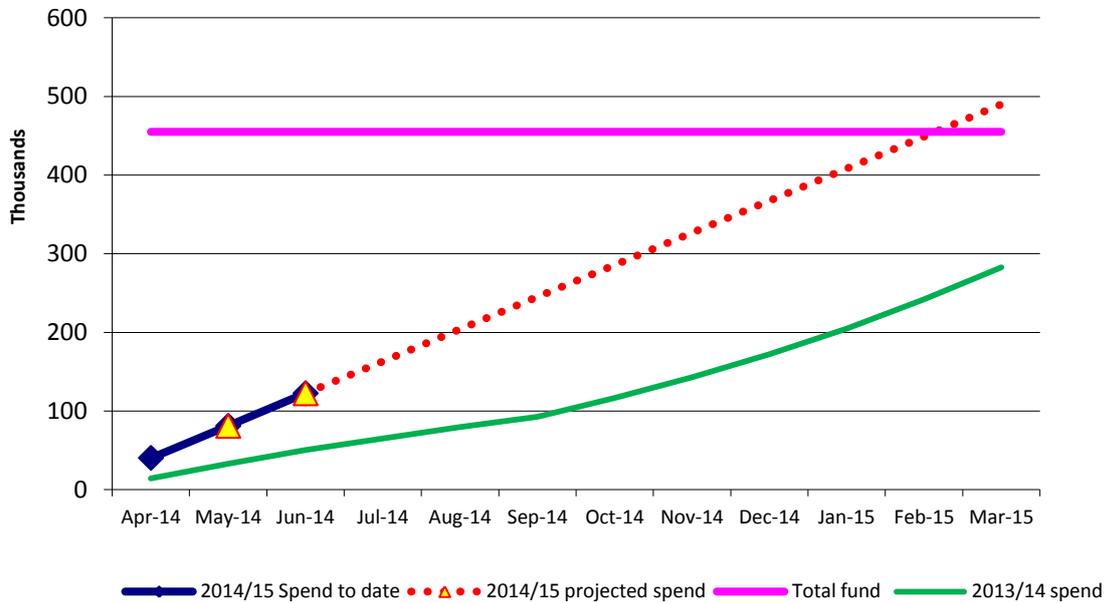
** The total rent arrears of those Under Occupying was £8,874 however as the majority are in receipt of DHP the arrears are not directly attributable to Under Occupancy.

Scottish Welfare Fund (July 2014)

Crisis Grant Allocation 2014/15



Crisis Grant Allocation 2014/15



Discretionary Housing payment 2014/15

