

Corporate Policy and Strategy Committee

10.00am, Tuesday 3 November 2015

Welfare Reform – Update

Item number 7.1
Report number
Executive/routine
Wards

Executive summary

The Department for Work and Pensions implemented Universal Credit for new single claimants in Edinburgh on 9 March 2015. As predicted, there have been low numbers of citizens who have claimed the new benefit in Edinburgh to date. The Council is involved in a Delivery Partnership Agreement (DPA) to support citizens through the transition into Universal Credit.

The Council continues to engage with tenants providing advice and financial support through Discretionary Housing Payments (DHP). In 2015/16 The Scottish Government allocated Edinburgh an additional £2,570,847 (initial allocation) to fully mitigate Under Occupancy for 2015/16, increasing our Discretionary Housing Payment fund to £3.91m. The final allocation of funding from the Scottish Government, following analysis of actual DHP spend figures of all Scottish Local Authorities will be made in May 2016.

Applications for both Crisis Grants and Community Care Grants are now being considered for medium and high priority cases. The priority levels and level of allocation to each element of the fund is reviewed on a monthly basis.

Links

Coalition pledges

Council outcomes [CO6; CO8; CO9; CO16; CO24; CO25; CO26](#)

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 status of Universal Credit in Edinburgh;
 - 1.1.2 the Council's ongoing activities relating to Welfare Reform;
 - 1.1.3 note new welfare reforms, effective from April and additional paper on projected effects for Edinburgh Citizens
 - 1.1.4 the current projection of spend on Discretionary Housing Payments;
 - 1.1.5 the current projection of spend on Council Tax Reduction Scheme; and
 - 1.1.6 the current projection of spend on Scottish Welfare Fund.

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 bi-monthly update reports.
- 2.2 Following discussions with relevant Councillors it was agreed to report the Welfare Reform update on a quarterly basis, to align with the Working Group meeting cycle. The last report was considered by Committee on 4 August 2015.

Main report

Universal Credit (UC) and Universal Support Delivered Locally

- 3.1 The Department for Work and Pensions (DWP) confirmed that Universal Credit (UC) was to be rolled out nationally to new single claimants from February 2015. This phased activity commenced in Edinburgh Job Centres (JC) from 9 March 2015 for new single claimants who would previously have been eligible for Job Seekers Allowance will now claim UC.
- 3.2 The report of [the Smith Commission](#) for further devolved powers to the Scottish Parliament was published 27 November 2014. The Welfare Reform team continue to monitor movement towards any implementation of these powers but no legislation has been introduced to allow variances described in the report to be adopted and none is expected until 2016.

- 3.3 The Council has entered into a Delivery Partnership Agreement with the DWP with effect 9 March 2015. As a result of this the Council has agreed to provide the following services
- Provide support to UC Service Centre staff around housing cost issues that may arise
 - Support claimants to get on-line and stay on line
 - Providing the necessary Management Information to support number of claimants assisted
 - Manual processing for Local Council Tax Reduction Scheme (current council activity)
 - Support for claimants with complex needs and in particular those who require personal budgeting support (PBS) by performing the acts, functions and roles assigned to it in the outline of the personal budgeting support arrangements
 - Work with Universal Credit Programme in preparing landlords for complex rent collection and direct payment of housing costs to customers.
- 3.4 The corporate cross council operational team have and are continuing to work in conjunction with DWP and JC staff to support citizens in the transition to the new UC system. Edinburgh's Registered Social Landlords (RSLs) and a member of the Council's Private Rented Sector team are also members of the operational board to ensure landlords outwith the Council are represented.
- 3.5 In order to maintain operational focus, and provide effective outcomes for the City's landlords, a separate landlord project team has been created which will report back to the operational group. It is hoped this will allow landlords to better prepare and engage with tenants entering UC, and protect income streams and payment management regimes.
- 3.6 The operational team is also the forum to agree processes to address emerging issues that arise. Escalation processes are in place and are controlled via the corporate Welfare Reform Team to ensure appropriate responses are made in relation to such issues, and to collate management information and data to share with the DWP and partners to measure the impact of the transition and roll out.
- 3.7 The collaboration between the Council and the DWP continues to work well at a local level, and this co-operation provides an effective means of access into the DWP operational service centres. As a result of this collaboration, specialised telephony services have been provided for Landlords to escalate enquiries and email access has been introduced into the process, where previously electronic communications were not accepted.
- 3.8 There continues to be issues within the process concerning the identification of UC claimants to Local Authorities and RSLs, however through sharing of information and identification of specific case studies, these issues are being addressed by local DWP partners escalating concerns through the UC national project team.

3.9 UC Caseload in Edinburgh

The latest UC figures available by caseload up to 10 September 2015 are as follows:

Job Centre	UC Claims
High Riggs	366
Edinburgh City	351
Leith	626
Wester Hailes	254
Total	1597

Scottish Welfare Fund and UC Claims

- 3.10 In order to assess the impact of Universal Credit waiting and assessment periods on alternative funding streams, separate information is collated on those claimants citing UC as a reason for applying for Crisis Grant from the Scottish Welfare Fund. Latest information up to 15 September 2015, show there have been a total of 15 UC related applications for Crisis Grants.

The value of the awards are as follows:

Cash Awards -	£ 1160
Vouchers -	£1200
Total -	£2360

- 3.11 In the first instance, customers are referred for a short term benefit advance from the DWP prior to the consideration of crisis grants. The Scottish Government, who have overall control of the SWF, are working with local authorities to monitor spend in this area.

PBS Referrals

- 3.12 The takeup of PBS has been disappointing, however, this reflects the national picture. This situation was raised at the Universal Credit Local Authority Steering Group at DWP headquarters in London on 30 September 2015. The lack of referrals for support, and subsequent low take up has been escalated for further consideration by DWP senior officials.
- 3.13 A pilot scheme is being undertaken involving co-location of the Council's Personal Budgeting Support officer with the DWP in an attempt to increase accessibility to citizens requiring this type of support. The pilot will involve a council officer working alongside DWP work coaches in Leith Job Centre Plus to encourage PBS take-up.

The figures for PBS engagement are as follows:

June	-	9
July	-	11
August	-	10

3.14 Further roll out of UC to additional client groups has not yet been announced. It is anticipated that owing to the success of digital pilots in the south of England, there could be more emphasis on rolling out the digital service to the current client group in an attempt to improve the product before expanding implementation to additional client groups.

3.15 The joint Operational Delivery Team have also agreed that Benefit Sanctions will become a standing meeting agenda item going forward. There is a strong commitment that both organisations work together in an attempt to support citizens avoid this action.

Management of UC Roll Out

3.16 Council operations supporting UC claims and payments continue to be delivered through the Customer Hub at 249 High Street. The Centralisation of this activity ensures

- knowledge and expertise to be established due to the small anticipated volumes of customers;
- data gathering on actual resource implications for delivery of this support for managing claims on line and Personal Budgeting Support (PBS);
- can more accurately record the demands for UC support and to assess the true cost of service delivery and to manage resources effectively;
- mitigation of the risk of failure to record UC support being delivered across multiple service points, therefore not properly assessing true cost of service delivery;
- single points of contact for UC virtual service centres and Job Centre Offices during this initial phasing period; and
- MI gathering to influence the future shape of UC and meet DWP reporting requirements.

3.17 The redevelopment of the Customer Hub accommodation has made this an appropriate environment to serve customers requiring digital access and support to complete UC claims. Customers can also gain access to additional support services such as Scottish Welfare Fund, housing options and council tax benefit. New self service kiosks have been installed to increase digital access for citizens.

3.18 Through the DPA and the legal framework for UC, data on new claims will be provided to the Council and RSLs. Council Tax Reduction Scheme (CTRS) is not part of UC and take-up may be impacted during the transition period, due to lack of customer knowledge. Processes have been agreed with the DWP to proactively advise UC applicants of the need to make a separate claim for CTRS with this being promoted through the DWP Service Centre responsible for processing UC claims. It is too early to determine if there has been an impact on CTRS take-up, and subsequently Council Tax collection rates, due to the relatively small numbers of claims with Universal Credit in payment at this time.

Communications

- 3.19 Communications surrounding the roll out of Universal Credit have been developed in conjunction with council officers, the DWP, and social sector landlords. This communication has been proportionate given the small numbers of customers who are actually affected by Universal Credit at this time.

Learning and Development

- 3.20 Council and DWP training teams continue to work together to deliver bespoke training to the small number of officers who will be involved in UC related service delivery. This training pack has been distributed to other RSLs, partners and stakeholders for their information.
- 3.21 Additionally, 2 e-learning modules have been launched and are available on the Council's intranet. This has also been shared in the same way as the training pack.
- 3.22 Edinburgh's development of procedures to support customers through the UC transition has been recognised as best practice at a national level. Information continues to be shared via the SHAW group briefing note, which now has a membership of around 80 organisations.
- 3.23 The Welfare Reform Team recently hosted a visit from Dundee City Council to share best practice as Dundee progresses towards the implementation of UC.

Job Shadowing

- 3.24 Leith Job Centre agreed to allow various council staff to shadow UC interviews in October 2015 to support smoother transition of citizens. Staff from house rents, advice and welfare reform attended these sessions.

Council Housing Services – Universal Credit (UC)

- 3.25 There are around 200 Council tenants receiving UC, with 49% of these tenants also affected by under occupation. To manage an effective transition to UC the following initiatives have been introduced:
- Inclusion of a financial assessment to determine tenancy sustainability
 - Assist tenants if required to make application for Discretionary Housing Payment to cover the reduction in Housing Costs due to under occupation.
- 3.26 The gradual roll out of UC continues to provide an opportunity to understand the changes and adapt our approach to income collection.
- 3.27 Improvements are being made in the identification of single tenants in receipt of UC who will be paid an element for housing costs as part of their claim. This is being carried out through collaboration between Job Centre Plus, Universal Credit Service Centre and the Councils own Benefit Service. This allows dedicated welfare reform and income maximisation services (Income Advice Team) to undertake early intervention with tenants to discuss their rent payment responsibilities and identify if additional support is required by them to claim and manage UC.

- 3.28 Procedures to manage the UC transition and secure rent payments require intensive effort. This has been the experience of other local authorities who have live UC implementation in their areas.
- 3.29 These procedures also include close scrutiny of arrears management in individual cases. The majority of tenants already have legacy arrears at the start of their UC claim and 71% of tenants have an alternative payment arrangement (APA).
- 3.30 APAs are intended as a temporary arrangement which require review at various points by the DWP to establish if tenants have become capable of making their own payments.
- 3.31 Council services will continue to be adapted as required while the roll out continues and number of tenants on UC is small. A joint approach to referrals for additional support is being managed through existing services. This includes support for personal budgeting as a result of UC which will be recorded as part of the management information return to the DWP to fully assess the impact of UC on the Council's delivery of services.
- 3.32 A Pilot scheme continues between Leith Job Centre and the Council to support customers through their initial claim process by providing confirmation of rent, thus speeding up the process of application. Leith Job Centre has entered into a similar test pilot with an RSL in the area.

Temporary and Supported Accommodations

- 3.33 Households in temporary accommodation that are affected by the Benefit Cap and/or Under Occupation, continue to be provided with advice and assistance to apply for Discretionary Housing Payments. Households are placed in temporary accommodation that reduces the likelihood of them being affected by the Under Occupancy regulations where this is practicable. They may on occasion be placed in a larger property to meet their emergency housing need. There are currently 33 households who are under occupying temporary accommodation.
- 3.34 Single people who are homeless would be exempt from moving on to UC under the current roll out if they are homeless on the date of any new claim. Once someone is on UC they will always be a UC claimant even if their circumstances change. This means that someone on UC may subsequently present for assistance from homeless services. In these instances detailed advice will be provided from the dedicated staff providing assistance to council tenants and an application will be made for an Alternative Payment Arrangement (APA). There have only been 5 such cases so far.
- 3.35 Two citizens have presented to the DWP to claim UC, and failed to declare their status as occupying temporary accommodation. The DWP have decided in these instances, customers will remain on UC even though, had they answered the application questions correctly, they would have been directed to an alternative benefit. Due to the funding implications this will cause, (possible additional pressure on DHP and other budgets) this has been escalated through

the joint Operational Delivery Group to be considered at a national level. Ministers in the DWP are currently taking this under advisement.

Advice Shop

- 3.36 The Advice Shop continues to respond to demand by ensuring efficient service delivery at the Advice Shop and developing outreach provision in community locations.
- 3.37 Average waiting time for an Advice Shop appointment is around 2 weeks. Drop-in facility for welfare rights customers is provided 3 half days per week and those in need of urgent debt advice have access to emergency appointments if threatened with legal action.
- 3.38 Close liaison takes place with funded advice agencies to understand how demand is being managed across the city.

Data submitted by advice providers partly funded through Council grants shows that:

- Debt Advice cases are down overall in the period April to June 2015, from 1,708 to 1,354 compared to the same period last year.
 - Welfare rights cases have also reduced from 3,442 to 3,134. However, it should be noted that both of these figures are impacted by the change to a new case management system that one organisation has adopted and so do not necessarily reflect accurately the change in demand being faced by these services.
- 3.39 The number of welfare rights tribunals have fluctuated slightly, with peaks in July and September, though are still well below figures from 18 months ago. Much of the increase has been due to Personal Independence Payment (PIP) claims being processed more swiftly.
- 3.40 We are undertaking advice work for some foreign nationals requesting assistance since regulations on entitlement began to change in January 2014. Further amendments to regulations since then have exacerbated complexities in establishing entitlements. These changes have affected new residents who have found it more difficult to establish entitlement to out of work benefits as well as housing benefit, but there have also been existing residents whose status has diminished because of the changes. Additionally, we are seeing some British nationals who have lived abroad for years and are now facing restrictions on when they can claim certain benefits on their return to the UK. Changes to regulations which require residency in the UK or EU common travel area for 3 months before they can claim JSA. are causing people to seek advice.
- 3.41 The Advice Shop are seeing a consistent average of £64k in rent arrears presented each month for support and assistance from citizens across the social rented housing sector.

Welfare Reforms – Summer Budget

- 3.42 In the Summer Budget presented to Parliament on 8 July 2015, the Chancellor of the Exchequer announced plans to achieve a budget surplus by 2019/20.

Central to this plan are £17 billion of measures designed to reduce the Government's budget deficit over the next six years, including £12 billion of net savings to be achieved through welfare reforms. Appendix 1 shows a report produced by the Business Intelligence Team of the projected potential impact on Edinburgh citizens.

- 3.43 This will support more targeted intelligence and information gathering, and so better inform the Council's ability to focus its support to citizens through the transition of multiple welfare reforms. This report will form a basis of cross council service responses and will be considered at the officers' Welfare Reform Core Group meeting. In line with current governance arrangements in the Council, mitigating actions will be referred through the Welfare Reform Working Group.

Pending Welfare Reforms – April 2016

Extension of Benefit Cap

- 3.44 The benefit cap is a limit on the total amount of income from certain benefits a household can receive. If they receive more than the benefit cap allows then their Housing Benefit will be reduced until they are brought back within the cap. Appendix 2 shows how this may affect citizens.
- 3.45 Other changes coming into effect in April 2016 are as follows:
- Tax Credit income disregards and taper rates will change from April 2016, meaning further Tax Credit reductions for those earning more than £3850p.a.
 - Working age benefits and tax credits will be frozen for four years
 - Universal Credit work allowance is being abolished for non-disabled, childless claimants and reduced for those with a disability Housing Benefit family premium will be withdrawn
 - Housing Benefit claimants requesting backdating of benefit will now be restricted to a 4 week period, as opposed to the current 52 weeks from April 2016. The new restriction does not apply to pensioner Housing Benefit cases. The UK parliament have not given any indication of exemptions or discretion to vary this limit for any category or group of working age claimants.
 - There has been no announcement by the Scottish Government as to whether they will apply the same rule to CTRS. However, it is widely anticipated this will be the case.

Council Tax Reduction Scheme (CTRS)

- 3.46 The DWP has confirmed that it will continue with the funding arrangement in place for 2015/16. This reflects the evolving nature of CTRS and that the implementation and migration of Housing Benefit to UC is being done as staged process. The Settlement and Distribution Group continue to consider the distribution of CTRS funding and will advise Local Authorities accordingly.

- 3.47 CTRS is not part of the UC package of benefits, with the fund being independently administered by each local authority. Every effort is being made to raise awareness of this and to ensure customers make the separate CTRS claim at the point of UC claim
- 3.48 The demand on the 2014/15 budget continues to be monitored monthly in line with changes to customers' circumstances. At 30 September 2015 the projected annual spend for the fund was 95.58% (Appendix 3).
- 3.49 No indication of further reductions in this budget have been announced by Scottish Government to date.

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

- 3.50 Overall spend totals for the initial 6 months of 2015/16 on the fund continue to increase. (Appendix 4)
- The overall fund available has increased in 2015/16, owing to the carry forward of £343,808 of under spend from 2014/15.
 - Crisis Grant spend continues to rise at a higher rate and takes into account larger payments of up to 6 weeks being paid to customers as a result of Universal credit.

Applications for Crisis Grants are being considered within 2 days.

There were no 2nd tier Crisis Grant meetings in September 2015

- Approximately 85% of applications for Community Care Grants are being considered within the target of 15 days.
 - There have been four 2nd tier review panel meeting during September 2015 for Community Care Grants, all of which were upheld in favour the original decision.
- 3.51 The SWF budget for 2015/16 has been revised from 1 June 2015 to £2,531,436 which included £343,808 carried forward from 2014/15, at the advice of Scottish Government to transfer underspends into the current year's fund.
- 3.52 The Crisis Grant fund position for 2015/16, taking account of the revised budget is now as follows:
- £606,000 - Budget
 - £283,014 - Spend to 30 September 2015
- 3.53 The Community Care Grant fund for 2015/16 is now as follows:
- £1,925,436 - Budget
 - £826,540 - Spend to 30 September 2015
- 3.54 The 2015/16 spend profile for each fund is included in Appendix 4. Priority levels were reviewed in January 2015 to ensure spend of the total fund is ensure maximum utilisation of the available funding.

- 3.55 Both Crisis Grant and Community Care Grant applications have been considered for medium and high priority cases since January 2015 and this will continue for the immediate future in 2015/16. .
- 3.56 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 or budget allocation.
- 3.57 The Furnishing Service has delivered approx 90% of ordered goods within agreed timescales. Positive feedback has been received from the SWF team and customers.

Discretionary Housing Payments (DHP)

- 3.58 The remaining £9m of the original £35m of Scottish Government funding available to Local Authorities to fully mitigate Under Occupancy will be distributed to councils based on actual DHP expenditure following the publication of the 2015/16 DHP statistics in May 2016. Edinburgh's additional allocation to allow for mitigation was originally estimated at £784,440, making the estimated total DHP fund £4.7m for 2015/16.
- 3.59 Edinburgh's total DHP spend for 2015/16 is estimated at around £4.6m. Therefore a proportion of the remaining £9m 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.
- 3.60 There have been 5,563 DHP applications for 2015/16 considered up to 30 September 2015 of which 383 were refused. The overall refusal rate is 6.89%. The most common reasons for refusal is in the situation where a customer's income exceeds their expenditure
- 3.61 At 30 September 2015, the Council's DHP financial position was:
- £3,914,405 total fund (£1,343,558 from the DWP & £2,570,847 from the Scottish Government, not inclusive of additional 20% to be allocated in 2016)
 - £4,106,487.24 spend
- 3.62 Appendix 5 outlines the Council's DHP spend profile at 30 September 2015. The additional Scottish Government funding is expected to mitigate under occupancy in 2015/16.

Foodbanks

- 3.63 The Council continues to work with foodbanks to address immediate crisis of citizens in need.
- 3.64 Discussions continue with foodbanks to signpost clients to these advice points to reduce repeat visits and address the issues which have lead citizens to require this type of support.

- 3.65 Cross-Council discussions are underway in an attempt to increase the number of referral agents to ensure easier access to emergency food provision where this is deemed the only alternative for a customer in need.
- 3.66 The previous welfare reform report advised that following discussions at a meeting of the NHS health promotion group looking at foodbanks, it was agreed that data would be gathered over a number of months to ascertain the usage of foodbanks by families with children, to inform the integrated plan for children and young people within the City of Edinburgh.
- 3.67 This has had limited success, however some foodbanks are reluctant to share their data to protect the anonymity of their customers. No personal information is being sought, and this exercise focuses purely on statistics in an attempt to develop early intervention strategies to reduce the dependency on emergency food aid. The Council continues to work with its partners in this sector to address the need of some citizens accessing these services
- 3.68 Through collaborative working with the DWP, a productive meeting was facilitated with Broomhouse Foodbank Plus in an attempt for staff in Job Centre Plus Edinburgh to produce improved information and support for those in hardship.
- 3.69 The map showing emergency food aid and related services such as advice agencies has been updated and is included again in Appendix 5. The map now identifies
- Foodbanks in Edinburgh
 - Foodbanks with CAB provision
 - CAB Locations
 - CAB Outreach at Housing Associations
 - CAB Outreach at GP surgeries
 - Food Co-ops
 - Community Health Initiatives
 - Employability Hubs

The updated map is also displayed on the Council website

Payday Loans

- 3.70 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. There will be a greater focus on this area given the qualification period for those customers claiming UC, and will become part of the personal budgeting service being undertaken as part of the Delivery Partnership Agreement with the DWP.
- 3.71 Members of the Welfare Reform team attended the International Credit Union Day on Thursday 8 October at the Scottish Parliament. This is an annual event which gives a great opportunity for MSPs, credit unions, stakeholders and supporters to meet and discuss the achievements and potential of the Scottish credit union movement.

The Welfare Reform Working Group

3.72 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 24 September 2015. Agenda items included:

- Budgeting Support/Financial Literacy
- Private Rented Services
- Summer Budget 2015
- Benefit Cap
- Gracemount Primary School – Advice Pilot
- Universal Credit Update
- Backdating to Housing Benefit

The Welfare Reform Core Group – Delivering Social Security in Edinburgh a strategic response to Welfare Reform

3.73 The new governance arrangements are now in place and the Welfare Reform Core Group continues to meet quarterly to agree the delivery of the key actions to achieve outcomes in terms of:

- Prevention of hardship and worsening inequality;
- Effective response to crisis needs for housing heat and food;
- Effective support for vulnerable individuals and families; and
- Partnership action to sustain Edinburgh’s social security.

The Communications Sub-Committee has been meeting regularly, particularly in the lead up to the roll out of UC to ensure key personnel, stakeholders and the public have an appropriate level of awareness.

The Welfare Reform Partners’ Forum

3.74 The Welfare Reform Partners’ relaunch is planned for 28 October 2015 and a full report of the outcome will be included in February’s update.

Child Poverty Initiative – Outreach Pilot

3.75 The head teacher of Gracemount Primary School is keen to engage with parents and introduce Welfare Rights/Debt Advice as a pilot. Early discussions have taken place with the Income Maximisation Team based in South area neighbourhood office to establish links for outreach work within the school from services already based at South Edinburgh Local Office.

3.76 Should the pilot be successful, Community Learning and Development colleagues are keen to extend this to other schools. It is not anticipated there would be an increased requirement of resource, merely co-ordination of the current resource to encourage engagement and produce better outcomes.

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;
- increased demand on advice and advocacy both for the Council and Third Sector advice agencies; and
- Increase in homeless population where delays in payment of rent due to assessment periods for UC in the private sector.

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:

- bi-monthly 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 the Governance, Risk 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 groups with the looking at the impacts of Welfare Reform, namely Local Authority Transition Working Group (LATWG), and COSLA's Welfare Reform Local Authority Representative Group.

Background reading / external references

Recent reports to committee:

Welfare Reform – Update – Corporate Policy and Strategy Committee 20 January 2014

[Strategic Response to Welfare Reform in Edinburgh](#) – Corporate Policy and Strategy Committee 30 September 2014

[Welfare Reform – update](#) – Corporate Policy and Strategy Committee 30 September 2014

[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

[Smith Commission](#)

[SLAB Annual Report](#)

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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 – Summer Budget 2015 Briefing Note

Appendix 2 – Changes to the Benefit Cap from 2016

Appendix 3 - Council Tax Reduction Scheme Spend

Appendix 3 – Scottish Welfare Fund Spend

Appendix 4 – Discretionary Housing Payment Spend

Appendix 5 – Foodbanks mapped with support services

Briefing note – Summer Budget 2015

Appendix 1

Business Intelligence

August 2015

Introduction

This note provides an overview of UK welfare reforms announced by the Chancellor of the Exchequer in the 2015 Summer Budget. The note assesses the total value of planned cuts to welfare payments announced in the budget, and provides a high level estimate of the potential value of these cuts for benefits claimants in the City of Edinburgh.

Main findings

In the Summer Budget presented to Parliament on 8th July 2015, the Chancellor of the Exchequer announced plans to achieve a budget surplus by 2019/20. Central to this plan are £17 billion of measures designed to reduce the Government's budget deficit over the next six years, including £12 billion of net savings to be achieved through welfare reforms.

The budget sets out details of 14 specific policy measures through which these net savings will be made, including cuts to the value of current benefit payments, measures to reduce the number of eligible claimants, measures to limit the rate of growth in the value of benefit payments, and a lowering of the cap on the total value of benefits which can be claimed by any household.

Overall, these policy measures amount to a total reduction in welfare payments of £46.5 billion over six years compared against a baseline position which assumes no change in policy. These cuts are phased in over the period, rising from an annual reduction of £4.9 billion in 2016/7 to £12.99 billion in 2020/21. For context, these cuts are made from total UK Government benefits and personal tax credit payments of £207.6 billion in 2014/15.

Figure 1: Summer Budget 2015 - Value of planned welfare cuts per annum, £ million

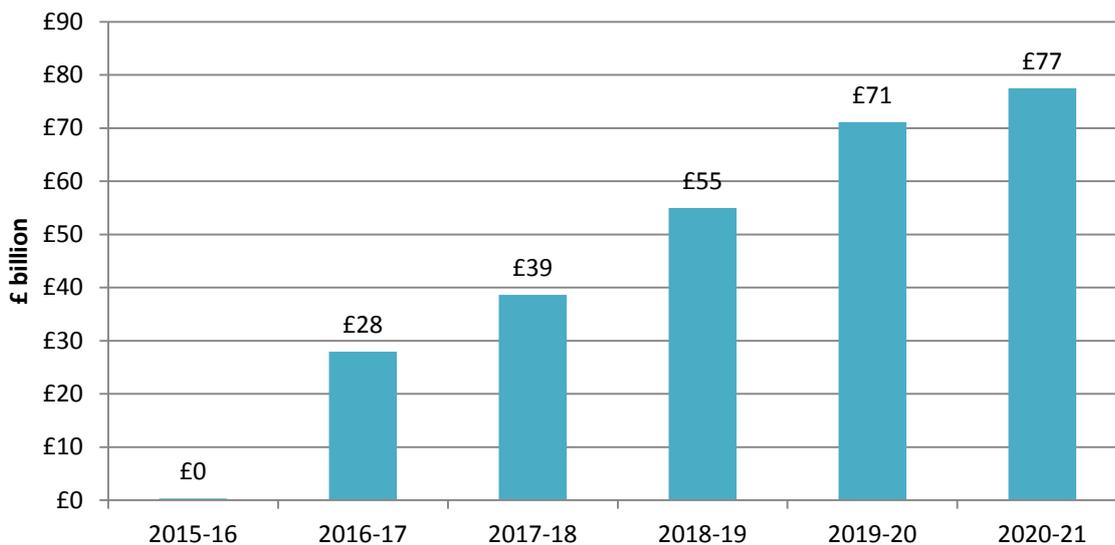


Source: [HM Treasury – Summer budget policy decisions](#)

No analysis is provided by HM Treasury or the Office for Budget Responsibility on the likely geographical pattern of these spending cuts. This paper aims to provide a high level estimate of the share of total UK cuts likely to be felt by benefits recipients in the City of Edinburgh. These estimates are provided for illustrative purposes only and are based on available data on the number of Edinburgh based benefits claimants in each group affected by policy measures announced in the Summer Budget.

Overall, the analysis estimates that of total UK welfare payment cuts of £46.5 billion over six years, the total value of cuts to recipients based in City of Edinburgh is estimated at some £270 million, or 0.6% of the UK total. These cuts are expected to phase in over time, rising from some £28 million in 2016/17 to £77 million in 2020/21. No data is published on the actual value of current benefits and tax credit payments to recipients in Edinburgh, but based on available data on the number of benefits recipients in the city it is estimated that these cuts are made from current benefits payments of some £1.6 billion per annum.

Figure 2: Summer Budget 2015 – Potential value of planned welfare cuts for Edinburgh recipients, £ million per annum



Source: City of Edinburgh Council estimates

Welfare cuts by policy measure

Table 1 provides an estimate of the total impact of planned welfare cuts over the period 2015/16 to 2020/21 by policy measure. The table also shows the method used to estimate potential Edinburgh effects based on city's share of total UK claimants in each affected benefits group.

Of total estimated welfare cuts of £270m in Edinburgh over the period, two policy measures account for almost 64% of all cuts. These include measures to:

- **Freeze working-age benefits, tax credits and Local Housing Allowances** - This policy freezes the cash value of most working-age benefits for four years from 2016-17. Affected benefits

include Jobseeker's Allowance, Employment and Support Allowance, Income Support, Child Benefit, applicable amounts for Housing Benefit, Child Tax Credit and Working Tax Credit and equivalent rates in Universal Credit. Local Housing Allowance (LHA) rates determine the maximum amount of Housing Benefit payable to most claimants in the private rented sector. Pensioner-specific benefits, benefits relating to the additional costs of disability or care, and statutory benefits and maternity allowance are excluded from the freeze.

The policy is projected to save a total of £11.25 billion in payments across the UK as a whole, and some £81.9 million of payments in Edinburgh.

- **Reduce income thresholds in tax credits and work allowances in UC** - This measure will reduce the work allowance in Universal Credit for non-disabled households without children to zero and simplify all other work allowances to a rate of £192 per month for households with housing costs and £397 per month for households without housing costs.

The policy is projected to save a total of £15.87 billion in payments across the UK as a whole, and some £90.1 million of payments to claimants in Edinburgh.

Alongside these two measures, a further five measures account for total estimated welfare cuts of almost £86 million in Edinburgh over the period. These include measures to reduce the overall benefits cap for households, limit the child element to 2 children in new tax credit claims, remove the family element in tax credit claims, increase the tax credit taper rate, and additional payments associated with the Employment and Support Allowance Work-related Activity Component.

Table 1: Potential impact by policy measure

Policy Measure	Total UK Exchequer Impact (£m)	Benefits group affected	No. Edinburgh claimants	UK claimants	Edinburgh as % of UK	Potential impact on Edinburgh claimants (£m)
Uprating: freeze working-age benefits, tax credits and Local Housing Allowances for 4 years from 2016-17	£11,250	All DWP working age benefits	36,310	4,990,300	0.73%	£81.9
Benefit cap: reduce to £20,000, and £23,000 in London	£1,670	Households who have had Housing Benefit capped to May 2015	714	62,571	1.14%	£19.1
Limit child element to 2 children for new births in tax credits and new claims in UC	£3,435	Tax credits recipients (000s)	26	4,528	0.57%	£19.5
Remove family element in tax credits and UC, and the family premium in Housing Benefit, for new claims	£1,915	Tax credits recipients (000s)	26	4,528	0.57%	£10.9

Policy Measure	Total UK Exchequer Impact (£m)	Benefits group affected	No. Edinburgh claimants	UK claimants	Edinburgh as % of UK	Potential impact on Edinburgh claimants (£m)
Increase tax credits taper rate to 48%	£3,700	Tax credits recipients (000s)	26	4,528	0.57%	£21.0
Reduce income thresholds in tax credits and work allowances in UC	£15,870	Tax credits recipients (000s)	26	4,528	0.57%	£90.1
Reduce income rise disregard in tax credits	£935	Tax credits recipients (000s)	26	4,528	0.57%	£5.3
End automatic entitlement for out-of-work 18-21 year olds	£135	Housing benefit recipients	38,106	4,846,207	0.79%	£1.1
Reduce social sector rents by 1% each year for 4 years from 2016-17	£4,280	N/a				£0.0
Pay to stay: higher income social housing tenants to pay market rents	£1,035	N/a				£0.0
Limit backdating awards to 4 weeks	£10	All DWP working age benefits	36,310	4,990,300	0.73%	£0.1
Support for Mortgage Interest: change from welfare payment to loan; maintain capital limit at £200,000	£715	All DWP working age benefits	36,310	4,990,300	0.73%	£5.2
Align Work-Related Activity Group rate with JSA for new claims	£1,365	ESA Work related activity group recipients	5,440	483,380	1.13%	£15.4
UC parent conditionality from when youngest child turns 3	£55	Tax credits recipients (000s)	25.7	4,528	0.57%	£0.3
Fraud, error and debt: tax credits changes	£145	Tax credits recipients (000s)	25.7	4,528	0.57%	£0.8
Total impact (£m) 2015/16 - 2020/21	£46,515					£270

Notes and Caveats

These estimates are made for illustrative purposes and with a number of important caveats:

- The analysis considers only the value of benefits cuts announced in the Summer Budget 2015 and does not include any analysis of other changes to tax thresholds, minimum wage and other measures which may impact on the income of benefits recipients

- The analysis is presented only as a broad estimate of the potential share of benefits cuts likely to be felt by Edinburgh claimants, and does not represent a full analysis of the economic impact of welfare reforms or of the measures introduced in the Summer Budget. For instance, no analysis has been made on potential behaviour effects of welfare reforms, either on employment status of claimants, spending patterns, or on applications for other benefits.
- Edinburgh level estimates are based only on available data on the number of benefits claimants in the city in each affected benefits group. This approach provides only a broad guide to the potential impact of cuts in the city, and expenditure pattern may not precisely follow the spatial pattern of claimant numbers.
- The data presented here are projections built from a number of modelling assumptions made by HM Treasury in production of the Summer Budget. In particular, the estimates made here are considered highly sensitive to assumptions made around CPI inflation over the next six years and to assumptions made around the likely scale of Universal Credit caseloads.

Contact details

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Changes to the Benefit Cap From April 2016

For a couple or single person with children the benefit cap is currently £500 per week. The limit for single people with no children is £350 per week.

It was announced in the July Budget that the benefit cap would be reduced and would be set at a different level depending on whether claimants live inside or outside London.

From April 2016 the Benefit Cap will be set at:

- £442 for a couple or single with children and living in London
- £335 for a couple or single with children and living outwith London
- £296 for a single person and living in London
- £258 for a single person and living outside London

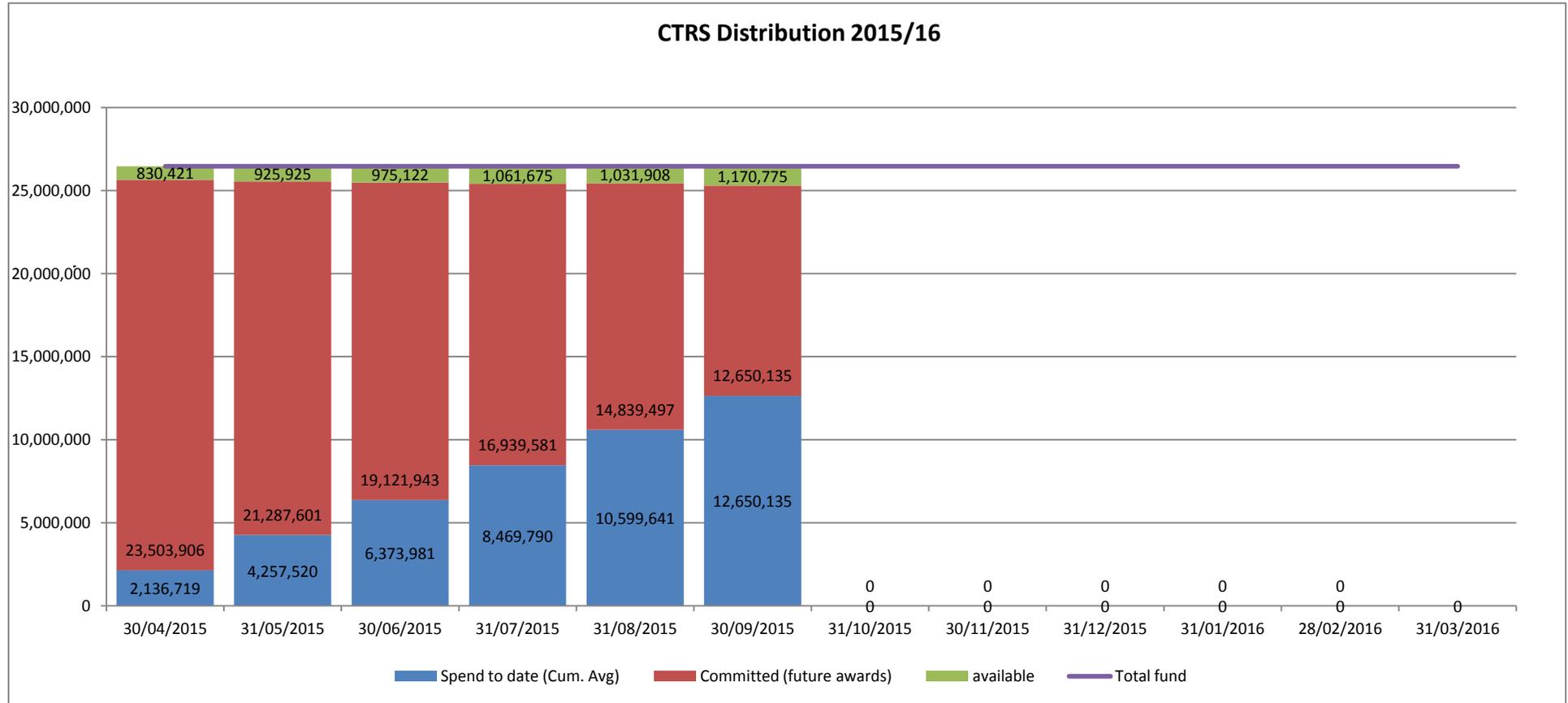
The benefits included in determining if benefit income is exceeding the benefit cap are:

- Carer's Allowance
- Child Benefit & Guardian's Allowance
- Child Tax Credit
- Housing Benefit
- Incapacity Benefit
- Income Support
- Jobseeker's Allowance
- Employment and Support Allowance (except when in the support group)
- Maternity Allowance
- Severe Disablement Allowance
- Widowed Parent's Allowance & Bereavement Allowance

Those affected by the reduction in the Benefit Cap will see their Housing Benefit reduced at some point after April 2016. When this happens will depend on where citizens live, and as yet no schedule has been released.

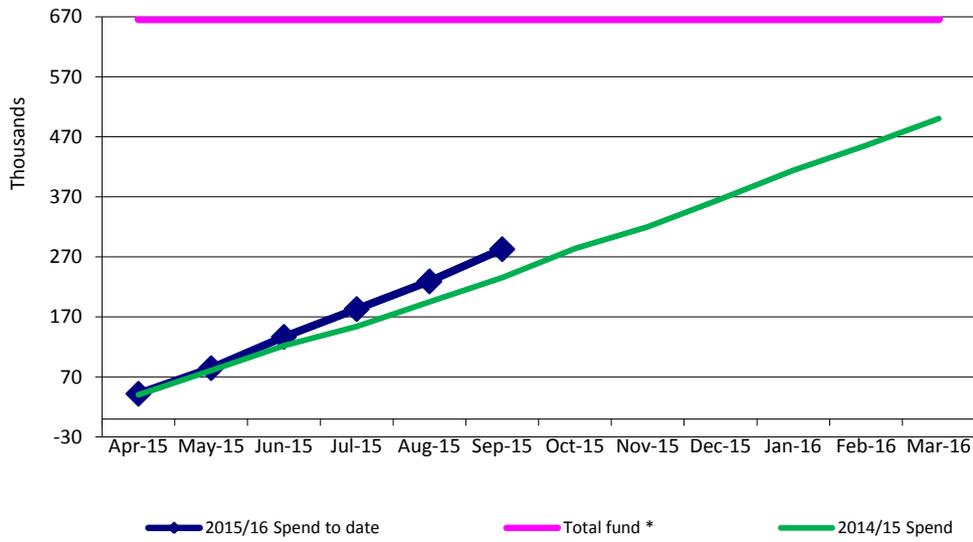
In the terms of UC the same reduction will apply with.

Council Tax Reduction Scheme (30 September 2015)

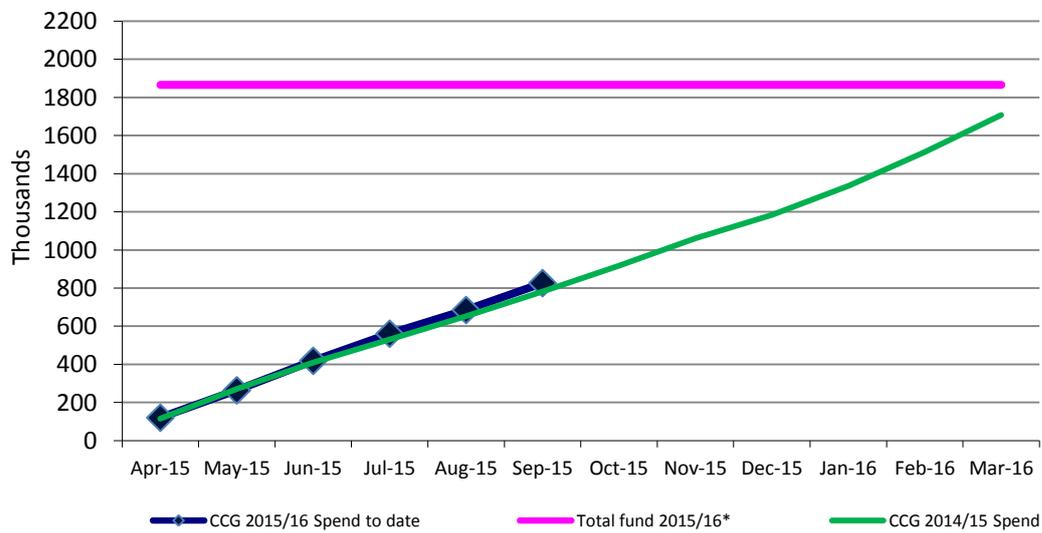


Scottish Welfare Fund Payments (31 August 2015)

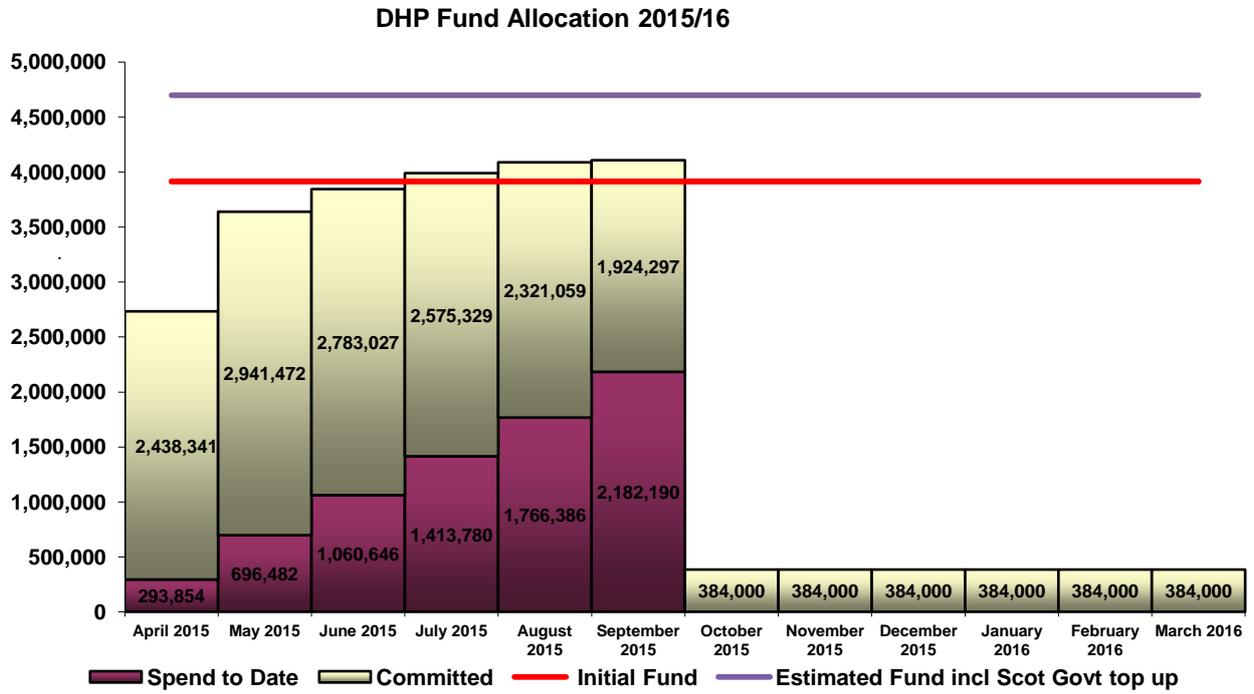
Crisis Grant Allocation 2015/16



Community Care Grant Allocation 2015/16



Discretionary Housing Payments (30 September 2015)



Foodbanks/Advice Service Map

