

Corporate Policy and Strategy Committee

10.00am, Tuesday 23 February 2016

Welfare Reform – Update

Item number 7.2
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. There have been relatively 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 process of negotiation for 2016/17 Delivery Partnership agreement has commenced and updates will be provided when this has been finalised.

The Department of Work and Pensions also announced the extension of its digital programme to include Musselburgh Job Centre Plus which covers the East Lothian area. The Council is seeking to be involved in discussions and learn from the experience of our neighbours in preparation for the digital roll out, and extension to the wider group of citizens.

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 the 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.

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, updated to reflect the Chancellors' Autumn statement 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 DWP have since announced the pilot of their digital service to Musselburgh Job Centre from March 2016. This will extend UC to all groups seeking work, not just single claimants in the neighbouring authority of East Lothian. Some Edinburgh claimants resident in the east of the City use Musselburgh Job Centre Plus for their job seeking activities. DWP have assured that they will not be involved in the digital service. However, given the opportunity to learn from this experience, the Council

have asked that they are involved in preliminary meetings so as to learn from our close neighbours in preparation for any digital service launch in Edinburgh.

- 3.3 The Council 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 in 2015/16:
- 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; and
 - work with Universal Credit Programme in preparing landlords for complex rent collection and direct payment of housing costs to customers.
- 3.4 Edinburgh will enter into a further Delivery Partnership Agreement in the new financial year, whilst preparations are made nationally for further authorities roll out into the new digital service, and the extension of UC to all job seekers.
- 3.5 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. 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.
- 3.6 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.
- 3.7 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 **UC Caseload in Edinburgh**

The latest UC figures available by caseload up to 12 November 2015 are as follows:

Job Centre	UC Claims
High Riggs	488
Edinburgh City	444
Leith	779
Wester Hailes	315
Total	2026

This represents an increase of 429 claimants city wide based on figures from 10 September 2015. Initial data provided prior to the implementation of UC in Edinburgh by DWP had predicted a caseload of around 4200 at this point.

Scottish Welfare Fund and UC Claims to be updated

- 3.9 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, representing significantly less than 1% of all UC claims.

The value of the awards are as follows:

Cash Awards	-	£1640
Vouchers	-	£1500
Total		£3140

- 3.10 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. The level of applications and awards remains relatively low, indicating appropriate funding of citizens in transition to UC.

PBS Referrals

- 3.11 The take up 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.

3.12 The pilot scheme 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 continues. This pilot involves a council officer working alongside DWP work coaches in Leith Job Centre Plus to encourage PBS take-up. The pilot has been extended to High Riggs Job Centre Plus in an attempt to drive up take-up and its success will continue to be monitored.

The figures for PBS engagement are as follows:

June	9
July	11
August	10
September	7
October	11
November	11
December	3

Management of UC Roll Out

3.13 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.

Council Housing Services – Universal Credit (UC)

- 3.14 At the end of December there are around 300 Council tenants receiving UC, with 44% 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.
- 3.15 The Council are continuing to adapt and improve the approach to income collection and support tenants who need more help through the initial transition.
- 3.16 The majority of Council tenants already have legacy arrears at the start of their UC claim and as a result Alternative Payment Arrangements (APA) involving direct payment to the landlord continues to be the most common method for paying rent. Procedures to manage the gradual UC transition and deal with the ongoing administration of APA for rent payments requires intensive effort. This has been the experience of other local authorities who have live UC implementation in their areas. These procedures also include close scrutiny of arrears management in individual cases.
- 3.17 As a result, review of this approach continues to focus on managing levels of APA and encouraging tenants to take responsibility of paying their rent. APA is only intended as a temporary arrangement which requires review at various points by the DWP to establish if tenants have become more capable of managing their rent liability..
- 3.18 Council services also continue to be adapted as required while the roll out of UC continues, and number of tenants on UC remains 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.

Temporary and Supported Accommodations

- 3.19 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 35 households who are under occupying temporary accommodation.
- 3.20 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), 2 recent APA's have been rejected by the DWP . There have only been 11 cases where people are on UC and accessed temporary accommodation.

- 3.21 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

- 3.22 Advice Services continue to respond to demands for information and advice on income maximisation and debt matters.
- 3.23 Demand for advice services traditionally reduces towards the Christmas and New Year holiday period and picks up slowly in the New Year. Anecdotally, this has been the case again this year.
- 3.24 Data submitted by advice services that are all or partly funded by the Council show that:
- Welfare rights cases have increased in the period April to December 2015 by 11% compared to the same period in the previous year. The gain achieved for customers has risen by 13% and is now on track to total nearly £5m for the year up to March 2016.
 - Debt Advice cases have reduced by 18% in the same period, with the level of personal debt presented dropping by 30% with a projected total of £1.2m for the year.
 - Enquiries regarding Personal Independence Payments (PIP) have become the predominant area of welfare rights advice provision in comparison to other benefits.
- 3.25 The number of welfare rights tribunals is gradually increasing, primarily due to more PIP disputes. Numbers remain below the figure from two years ago prior to the introduction of Mandatory Reconsiderations as the default dispute resolution stage for welfare rights queries.
- 3.26 The introduction of Universal Credit (UC) in March 2015 has seen slower than predicted growth in UC cases presenting to advice services. Issues relate to:
- eligibility and the claim process;
 - the housing element of UC not being paid;

- the high rate of deductions in place to repay rent arrears; and
- sanctions being applied to claimants.

- 3.27 Personal Independence Payment enquiries make up the single largest area of advice, followed by Employment Support Allowance.
- 3.28 People from abroad continue to make up a significant proportion of the caseload of advice services. The complexities of their situations demand more time on case resolution. The average time required to resolve a case is increasing, as advice services have to attend to multiple issues affecting each individual. Of 57 welfare rights officer appointments recorded, 37 of these were for people from abroad. The highest minority groups were Polish (18), Spanish (5) and Italian (3).
- 3.29 Advice services are reporting an increase in the complexity of the benefit system and that anxiety about losing benefits is driving more people to seek advice. Much of this increase is from people with long-term Disability Living Allowance (DLA) claims who are now part of the PIP claim process and are experiencing difficulty understanding the changes.

Devolved Powers

- 3.30 The report of [the Smith Commission](#) for further devolved powers to the Scottish Parliament was published 27 November 2014. The Welfare Reform team are represented in a national Council group headed by COSLA to determine the potential delivery of these benefits by Local Authorities with the aim to provide a business case to the Scottish Government. It is felt there are sufficient skill sets within Local Authorities to support the delivery of the new benefits, and with the reducing Housing Benefit caseload could potentially allow for cross skilling of staff.
- 3.31 Appendix 1 gives details of the devolved benefits to the Scottish Government. Once the full business case has been developed and submitted, a members briefing will be produced for further consultation.

Welfare Reforms – Autumn Statement Revisions

- 3.32 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. This was reported in November's update.
- 3.33 The Chancellor revised a number of planned reforms and as a result an updated paper has been produced by the Council's Business Intelligence team (Appendix 2). This update was presented to the Welfare Reform Working Group in December.

Pending Welfare Reforms – April 2016

Extension of Benefit Cap

- 3.34 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. 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. From April 2016 this will be reduced to £335 for a couple or single person with children and £258 for a single person.

3.35 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)

3.36 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.

3.37 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.

3.38 The demand on the 2014/15 budget continues to be monitored monthly in line with changes to customers' circumstances. At 31 December 2015 the projected annual spend for the fund was 94,55% (Appendix 3). This is indicative of the falling caseload by 1,352 cases.

3.39 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

3.40 Overall spend totals for the initial 9 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;
- applications for Crisis Grants are being considered within 2 days;
There were no 2nd tier Crisis Grant meetings between October to December 2015
- approximately 85% of applications for Community Care Grants are being considered within the target of 15 days; and
- there were no 2nd tier review panel meeting between October and December 2015 for Community Care Grants, all of which were upheld in favour the original decision.

3.41 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.

The Crisis Grant fund position for 2015/16, taking account of the revised budget is now as follows:

- £606,000 - Budget
- £432, 745 - Spend to 31 December 2015

3.42 The Community Care Grant fund for 2015/16 is now as follows:

- £1,925,436 - Budget
- £1,284,548 - Spend to 31 December 2015

3.43 The 2015/16 spend profile for each fund is included in Appendix 4.

3.44 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.

3.45 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.

3.46 The Furnishing Service has delivered approx 90% of ordered goods within agreed timescales. Positive feedback has been received from the SWF team and customers.

3.47 From April 2016, the review process for Scottish Welfare Funds decisions will change and second tier reviews will be looked at by the Scottish Public Services Ombudsman (SPSO). Under the new process, they will be able to review welfare fund decisions made by local authorities and, where appropriate, change those decisions. Initial discussions and consultations have taken place, and the service continues to work with the Ombudsman to ensure a smooth transition to the new function.

Discretionary Housing Payments (DHP)

3.48 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.

- 3.49 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.
- 3.50 There have been 6,307 DHP applications for 2015/16 considered up to 31 December 2015 of which 531 were refused. The overall refusal rate is 8.42%. The most common reasons for refusal is in the situation where a customer's income exceeds their expenditure.
- 3.51 At 31 December 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, exclusive of additional 20% to be allocated in 2016)
 - £4,343,800.81 spend
- 3.52 Appendix 5 outlines the Council's DHP spend profile at December 2015. The additional Scottish Government funding is expected to mitigate under occupancy in 2015/16.

Foodbanks

- 3.53 The Council continues to work with foodbanks to address immediate crisis of citizens in need.
- 3.54 A working party has been set up to look at foodbank provision across the City, with a view to better supporting those outlets who provide holistic services along with emergency food aid. This group is chaired by Councillor Alex Lunn, Deputy Convenor of Communities and Neighbourhoods, and its membership includes cross council services, foodbanks and representatives from DWP. The draft remit of this group is attached as appendix 6.
- 3.55 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. However more is being done to raise the awareness of alternative funding to reduce the need for foodbank reliance and particularly the use of Scottish Welfare Fund.
- 3.56 A review of SWF processes will see the direct referral to foodbanks (as a last resort) when no other funding can be identified. This will provide improved accessibility for customers into this service for those who need it.
- 3.57 The map showing emergency food aid and related services such as advice agencies has been updated and is included again in Appendix 7. 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

- 3.58 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.
- 3.59 The Welfare Reform team have facilitated a meeting between a local credit union and Broomhouse Community One Stop Shop, as well as attendance at an event at Gracemount Primary School.

The Welfare Reform Working Group

- 3.60 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 17 December 2015. Items considered included:
- Personal budgeting Service
 - Strategic Plan – update on Outcomes
 - Universal Credit update
 - Summer Budget Report – Autumn Statement Updates

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

- 3.61 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.

- 3.62 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.
- 3.63 Business Intelligence are reviewing the document Delivering Social Security in Edinburgh with a view to linking better with the Council's Policy Strategy and providing more detailed data on impacts of Welfare Reform across the City.

The Welfare Reform Partners' Forum

- 3.64 The Welfare Reform Partners' forum will now meet on a 6 monthly basis with a rolling host to create greater ownership and external partnership input. Members of the Welfare Reform Team are meeting with stakeholders to assess their needs and ensure appropriate reporting of achievements and issues in the Third Sector are included within the Strategic Plan.

Child Poverty Initiative – Outreach Pilot

- 3.65 The head teacher of Gracemount Primary School is keen to engage with parents and introduce Welfare Rights/Debt Advice as a pilot. The Welfare Reform team attended an event on 11 December 2015 which was attended by parents. Details for the dedicated Income and Advice Officer were introduced and of the Financial Inclusion and Advice services which can be accessed, A team of advisors from Capital Credit Union also attended to provide support and information around savings and access to affordable credit . The Welfare Reform Team will attend parents council evenings on 27 January, 17 March, 27 April, 15 June with support from Forth Sector Employability service.

The Income and Advice Team based in South area neighbourhood office are participating in outreach work and advertising their services within the school, and Dunedin Canmore, a major housing provider in the area have also agreed to outreach work from the School.

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 [3 November 2015](#)

[Welfare Reform – update](#) – Finance and Resources Committee, 28 August 2014

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

- Appendix 1 – Devolved Benefits to Scottish Government
- Appendix 2 – Autumn Statement 2015 Briefing Note
- Appendix 3 - Council Tax Reduction Scheme Spend
- Appendix 4 – Scottish Welfare Fund Spend
- Appendix 5 – Discretionary Housing Payment Spend
- Appendix 6 – Foodbank Working Group Draft Remit
- Appendix 7 - Foodbanks mapped with support services

Devolved Benefits to Scottish Government

Below is a list of all the welfare and social security benefits being devolved to the Scottish Parliament, as part of the recommendations made by the Smith Commission.

The total monetary value equates to £2.6bn (14.6%) of all benefits expenditure in Scotland (2013/14). This excludes £400 million spent on the Council Tax Reduction Scheme and Scottish Welfare Fund, which are already devolved to the Scottish Parliament, and administered by Local Authorities.

Attendance Allowance

To help with personal care for individuals aged 65 or over with a physical or mental disability.

Carer's Allowance

To help an individual look after someone with substantial caring needs. To be eligible the individual must be 16 or over and spend at least 35 hours a week caring for them.

Disability Living Allowance (DLA)

Help if your disability or health condition means one or both of the following are true:

- You need help looking after yourself
- You have walking difficulties

DLA is closed to new working age claimants and being replaced by PIP.

Personal Independence Payment (PIP)

Helps with some of the extra costs caused by long-term ill-health or disability for individuals aged 16 to 64. Replacement for DLA for working age individuals.

Industrial Injuries Disablement Benefit

For individuals who are ill or disabled as a result of an accident or disease caused by work or while you were on an approved employment training scheme or course.

Severe Disablement Allowance (SDA)

For working age individuals who are unable to work due to illness or disability. SDA is closed to new entrants.

Cold Weather Payment

A payment for individuals on certain benefits when the temperature is either recorded as, or forecast to be, an average of zero degrees Celsius or below over 7 consecutive days.

Funeral Payment

For individuals on low income and needing help to pay for a funeral they are arranging.

Sure Start Maternity Grant

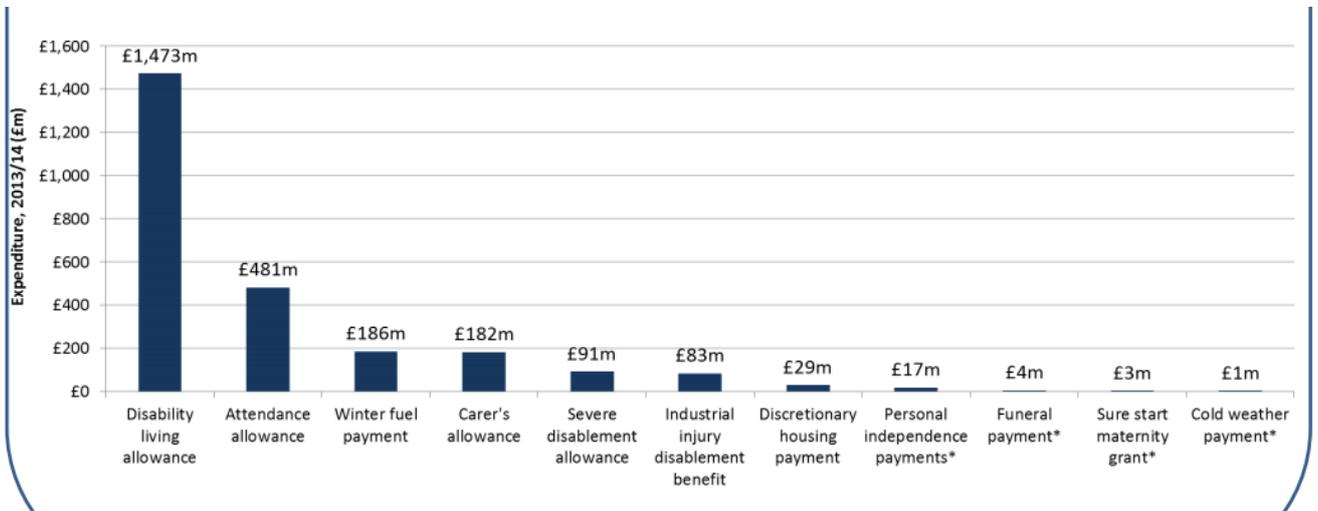
A one off payment of £500 to help towards the costs of having your first child for individuals who are in receipt of certain benefits.

Winter Fuel Payment

A tax-free payment to help pay for heating bills if you were born on or before 5 July 1952 (Current State Pension Age for women).

Discretionary Housing Payments

Additional help for those in receipt of Housing Benefit and having difficulty meeting their rent payments. Paid at the discretion of the Local Authority (LA)



(Costs based on 2013/14 spend)

Summer Budget 2015 Briefing Note – Update on Review

Briefing note – Autumn Statement 2015

Business Intelligence

December 2015

Introduction

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

Summary of main findings

- In the July 2015 Summer Budget the Chancellor of the Exchequer announced total welfare spending cuts of £46.5 billion over six years. These spending reductions were to be phased in over time, with cuts rising from £4.9 billion in 2016/17 to £12.99 billion per annum by 2020/21.
- Edinburgh claimants account for some 0.6% of all UK claimants of benefits affected by these cuts. On this basis it was estimated that, from Summer Budget announcements, Edinburgh residents could face potential welfare payment reductions of £270 million over six years. On an annual basis these cuts were estimate to rise from £28 million in 2016/17 to some £77 million per annum from 2020/21.
- Following these announcements, the Chancellor's Spending Review and Autumn Statement in November 2015 introduced a number of additional measures on welfare spending. The key elements of this announcement were a reversal of previously announced changes to tax credit taper rates and income thresholds.
- The net impact of these changes is a reduction in planned welfare spending cuts compared to that announced in the Summer Budget. The changes restore an estimated £3.3 billion of welfare spending in 2016/17 across the UK as a whole, falling to £0.14 billion in 2020/21 in line with planned migration of tax credit claims to Universal credit.
- In Edinburgh, the Autumn announcements act to restore some £19 million of welfare payments to Edinburgh recipients in 2016/17, with this increase (relative to Summer budget announcements) falling to zero by 2020/21.
- As such, the Autumn Statement announcements on welfare payments do significantly reduce planned cuts in the short term, but have only little impact in the longer term.
- Overall, measures announced in the Summer Budget and Autumn Statement together are estimated to represent a £229 million cut in welfare payments made to Edinburgh residents

over six years. On an annual basis this represents a cut of £9 million in 2016/17, rising to £77 million by 2020/21 (compared to pre-July 2015 estimates)

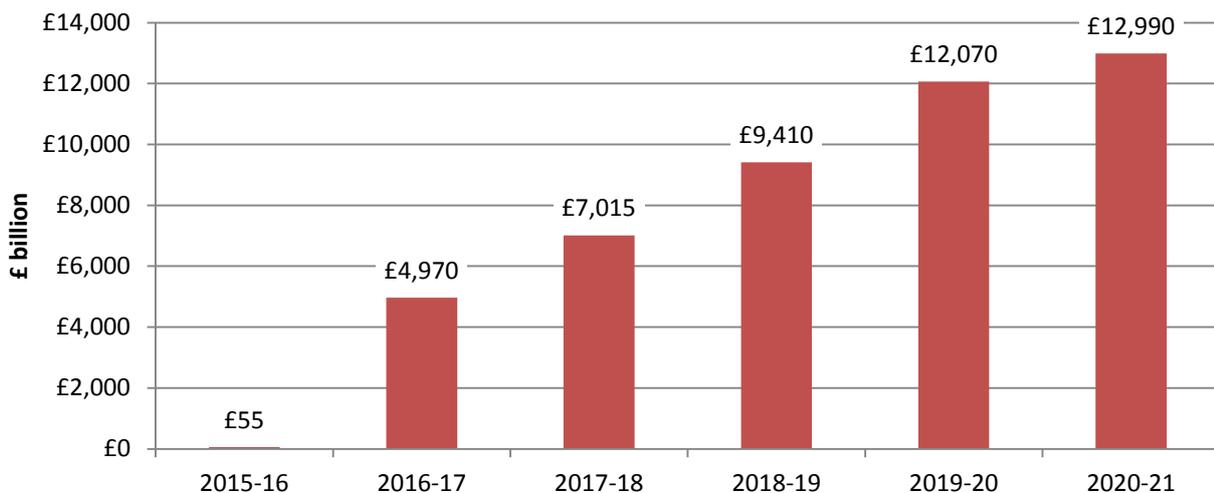
Welfare Spending Reductions – Summer Budget and Autumn Statement

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 set 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 per annum 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



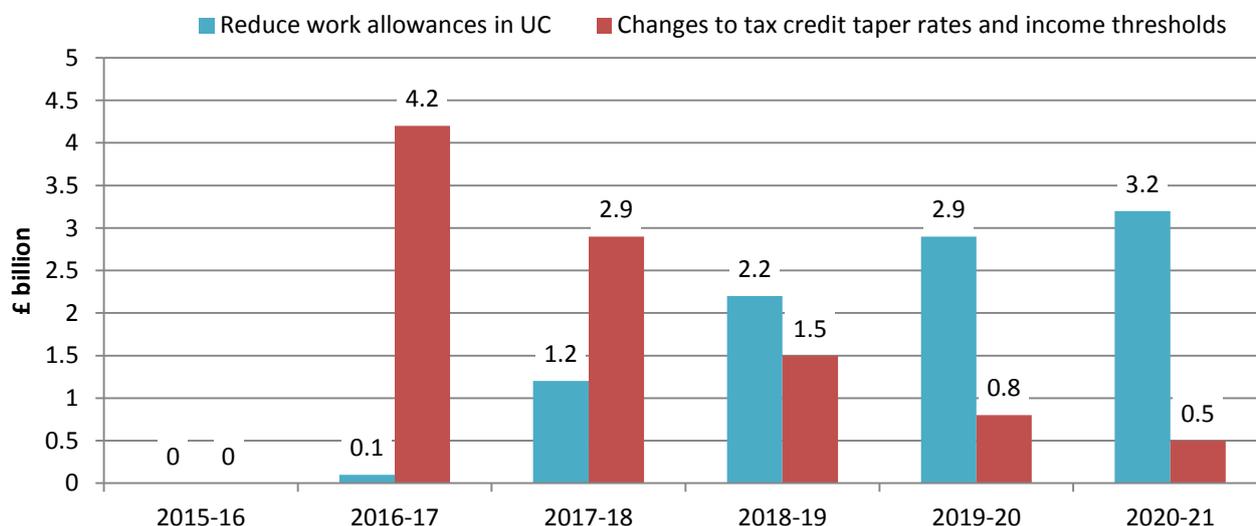
Source: HM Treasury – Summer budget policy decisions

These cuts were spread across 14 individual policy decisions including cuts to tax credits, universal credit, housing benefit, employment and support allowances and other measures. Within this package of measures, one of the key announcements (accounting for over 40% of the total savings planned over the period) included policies to:

- Change tax credit taper rates and income thresholds**– These measures increase tax credits taper rate to 48%, and reduced income thresholds in tax credits. The policy was projected to save a total of £4.2 billion in payments across the UK in 2016/17, falling to £0.5 billion in 2020/21 in line with planned migration of claims to Universal Credit, and

- Reduce Work allowances in Universal Credit** – This measure cut universal credit (UC) work allowances to £4,765 for those without housing costs, £2,305 for those with housing costs, and removed them altogether for non-disabled claimants without children. The policy was projected to save a total of £0.1 billion in 2016/17, rising to £3.2 billion per annum in 2020/21.

Figure 2: Summer Budget 2015 – Tax Credit and Universal Credit savings announcements



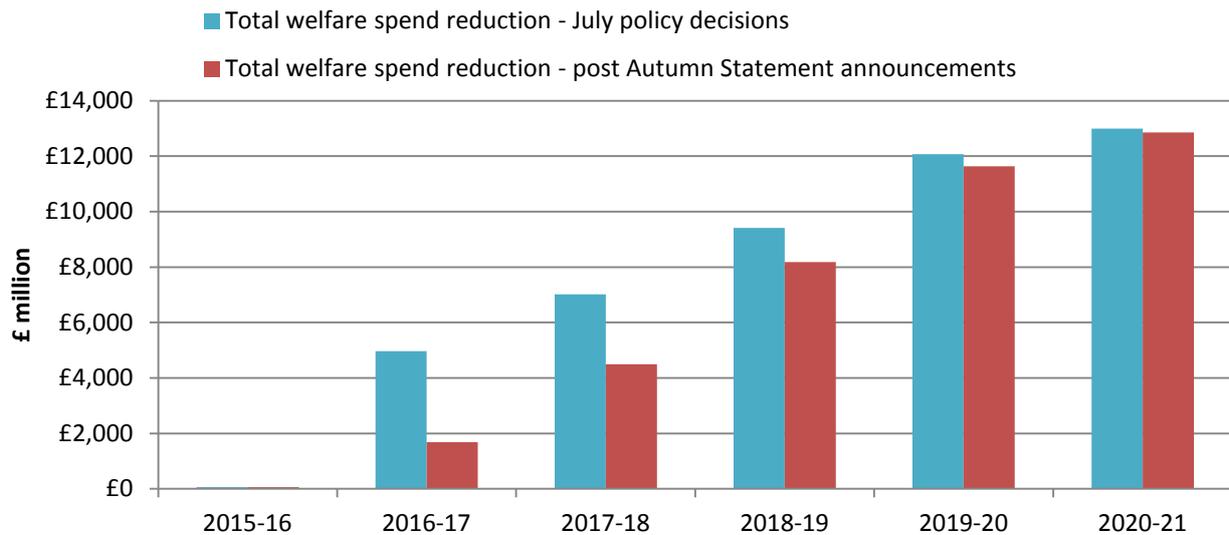
Source: HM Treasury – Summer budget policy decisions

Following the Summer Budget, the Chancellor’s Spending Review and Autumn Statement in November 2015 included a number of additional announcements on welfare spending. The key elements of this announcement were a reversal of previously announced changes to tax credit taper rates and income thresholds, alongside relatively small cuts to housing benefit, universal credit and child benefit. Notably, existing policies on universal credit work allowances, alongside other policy measures announced in the Summer budget, remain unchanged.

Overall, the net impact of these changes was a reduction in planned welfare spending cuts compared to that announced in the Summer Budget. The changes restore an estimated £3.3 billion of welfare spending in 2016/17 across the UK as a whole, falling to £0.14 billion in 2020/21 in line with planned migration of tax credit claims to Universal credit.

Figure 3 provides a comparison of planned welfare spending cuts before and after the announcements made in the Autumn Statement. The reversal of tax credit policy decisions has a significant impact on the scale of cuts planned in the short to medium term, with total cuts planned for 2016/17 falling from the £4.9 billion announced in July to £1.7 billion announced in November. In the longer term, however, as a result of the planned migration of tax credits to universal credits, the impact of the November announcements is minimal. By 2020/21 the total value of planned welfare spend reductions remains at £12.85 billion per annum following the Autumn Statement, only slightly down on the £12.99 billion announced in the Summer Budget.

Figure 3: Total welfare spending reductions – pre and post Autumn Statement



Source: HM Treasury – Summer budget policy decisions; Autumn Statement policy decisions

Welfare Spending Reductions – Potential Edinburgh Impact

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.

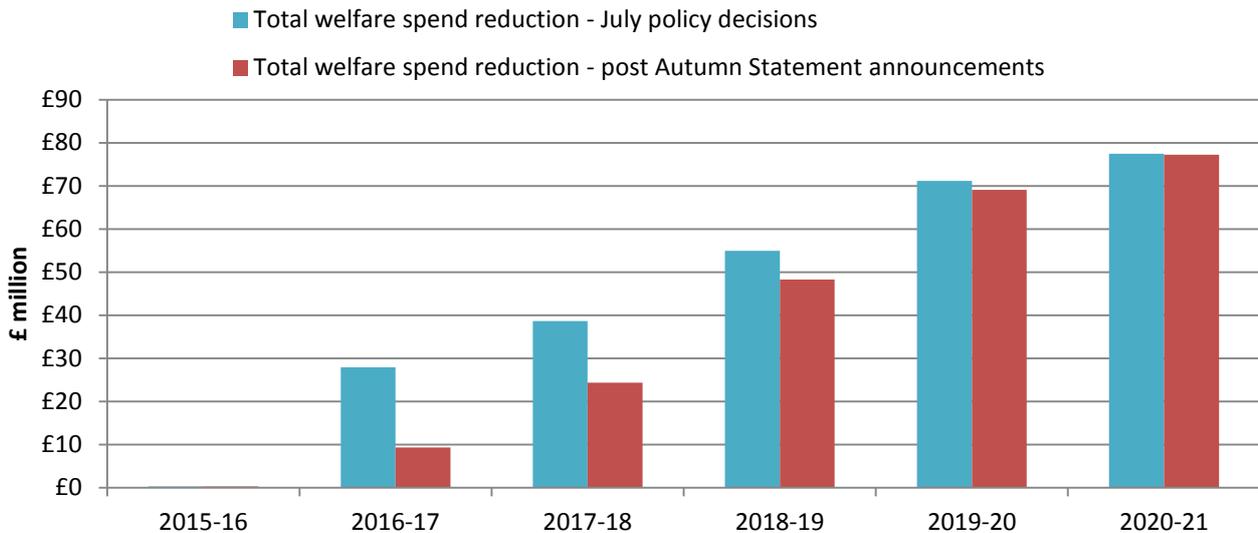
Following the Summer budget, the analysis estimated that of total UK welfare payment cuts of £46.5 billion over six years, the total value of cuts to recipients based in City of Edinburgh was likely to be some £270 million, or 0.6% of the UK total. These cuts were expected to phase in over time, rising from some £28 million in 2016/17 to £77 million in 2020/21.

In line with findings across the UK as a whole, the impact of Autumn Statement announcements is to significantly reduce planned cuts in the short term, but have only little impact in the longer term. Following the Autumn Statement, the analysis suggests that of total UK welfare payment cuts of £38.9 billion over six years, the total value of cuts to recipients based in City of Edinburgh is likely to be some £229 million. These cuts are planned to be phased in over time, rising from £9 million in 2016/17 to £77 million in 2020/21.

In this way, the net effect of Autumn Statement announcements is to restore some £19 million of welfare payments to Edinburgh recipients in 2016/17, with this increase (relative to Summer budget announcements) falling to zero by 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 4: Total welfare spending reductions (potential Edinburgh impact) – pre and post Autumn Statement



Source: City of Edinburgh Council estimates

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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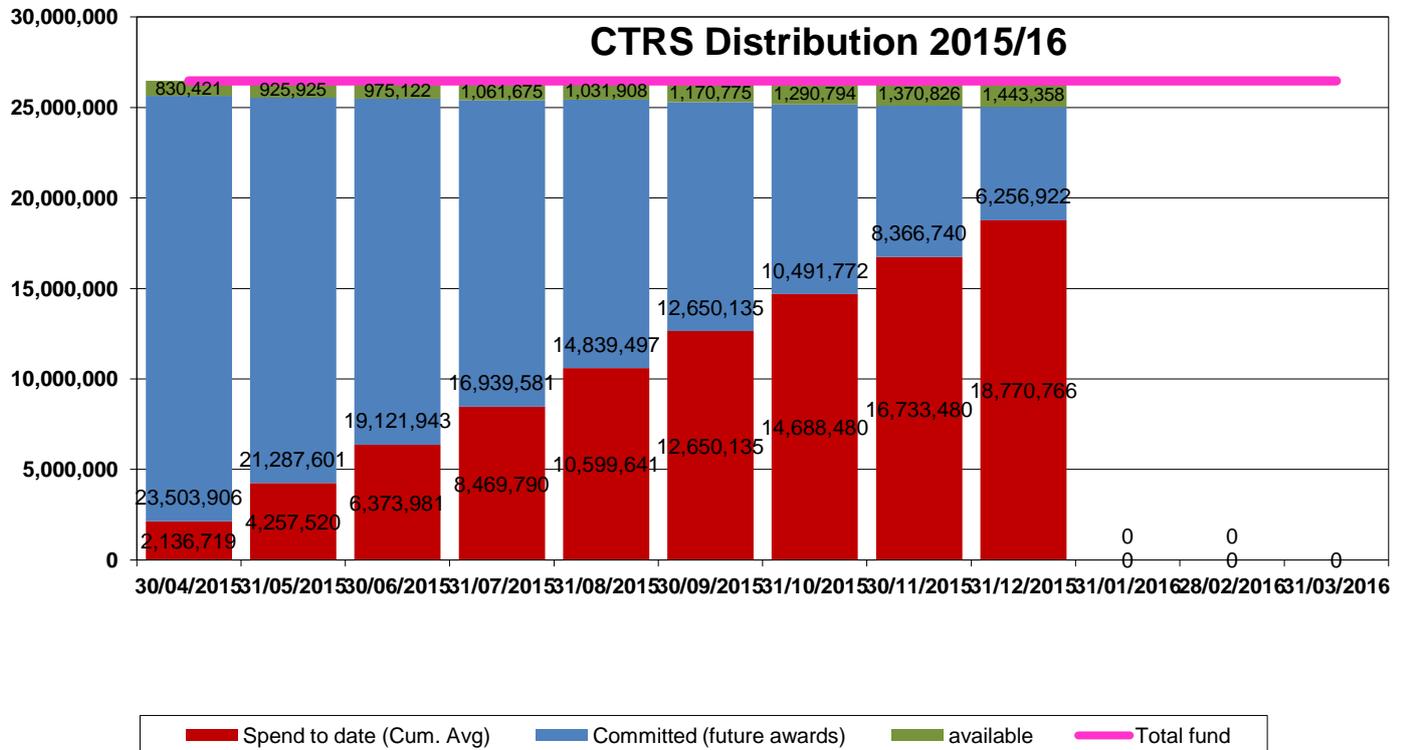
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Table A1 – Welfare Policy decisions, impact on UK exchequer (£million)						
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Summer Budget Policy Decisions, July 2015						
Uprating: freeze working-age benefits, tax credits and Local Housing Allowances for 4 years from 2016-17	£0	£90	£940	£2,325	£3,885	£4,010
Benefit cap: reduce to £20,000, and £23,000 in London	£0	£100	£310	£360	£405	£495
Limit child element to 2 children for new births in tax credits and new claims in UC	£0	£0	£315	£700	£1,055	£1,365
Remove family element in tax credits and UC, and the family premium in Housing Benefit, for new claims	£0	£55	£220	£410	£555	£675
Increase tax credits taper rate to 48%	£0	£1,475	£1,035	£600	£345	£245
Reduce income thresholds in tax credits and work allowances in UC	£0	£2,880	£3,060	£3,180	£3,310	£3,440
Reduce income rise disregard in tax credits	£0	£170	£225	£250	£180	£110
End automatic entitlement for out-of-work 18-21 year olds	£0	£0	£25	£35	£35	£40
Reduce social sector rents by 1% each year for 4 years from 2016-17	£0	£165	£475	£875	£1,320	£1,445
Pay to stay: higher income social housing tenants to pay market rents	£0	£0	£365	£185	£245	£240
Limit backdating awards to 4 weeks	£0	£10	£0			
Support for Mortgage Interest: change from welfare payment to loan; maintain capital limit at £200,000	£0	-£30	-£35	£270	£255	£255
Align Work-Related Activity Group rate with JSA for new claims	£0	£0	£55	£225	£445	£640
UC parent conditionality from when youngest child turns 3	£0	£0	-£5	-£5	£35	£30
Fraud, error and debt: tax credits changes	£60	£55	£30			
Total impact on UK exchequer - Summer Budget	£60	£4,970	£7,015	£9,410	£12,070	£12,990
Autumn Statement Policy Decisions, November 2015						
Tax credits: maintain taper and income threshold	£0	-£3,385	-£2,875	-£1,735	-£910	-£465
Universal Credit: updated delivery schedule	£0	£60	£250	£225	£70	-£215
Universal Credit: uprate Minimum Income Floor with National Living Wage	£0		£10	£55	£120	£180
Housing Benefit: limit social sector rates to the equivalent private sector rate	£0	£0	£0	£120	£170	£225
Housing Benefit and Pension Credit: limit temporary absence	£0	£25	£20	£15	£10	£10
Childcare: revised eligibility criteria	£0	£10	£70	£90	£110	£125
Total impact on UK exchequer - Autumn Statement	£0	-£3,290	-£2,525	-£1,230	-£430	-£140
Total net reduction in UK welfare payments, post Autumn Statement	£60	£1,680	£4,490	£8,180	£11,640	£12,850
Source: HM Treasury						

Table A1 – Welfare Policy decisions, potential impacts on Edinburgh claimants (£million)

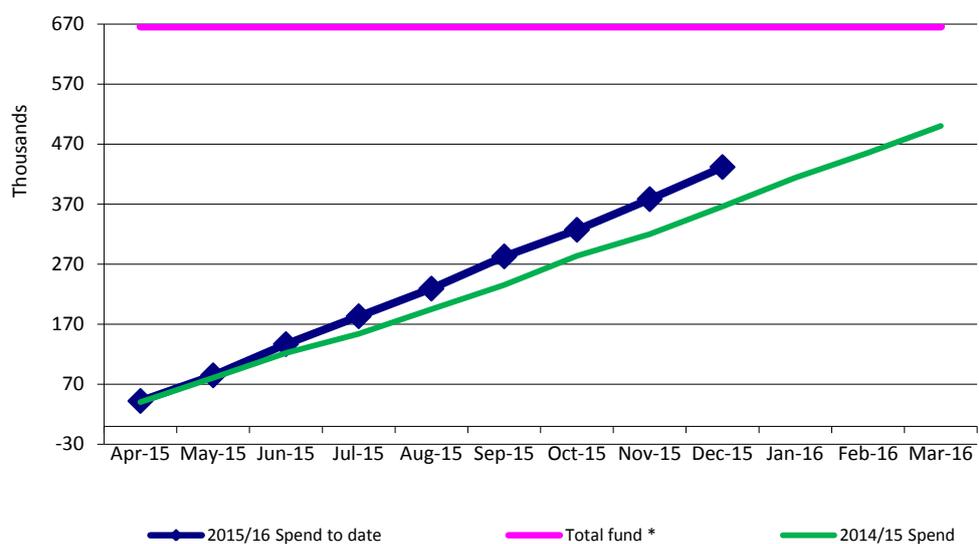
	Edinburgh share of UK claimants*	2015- 16	2016- 17	2017- 18	2018- 19	2019- 20	2020- 21
Summer Budget Policy Decisions, July 2015							
Up-rating: freeze working-age benefits, tax credits and Local Housing Allowances for 4 years from 2016-17	0.73%	£0	£1	£7	£17	£28	£29
Benefit cap: reduce to £20,000, and £23,000 in London	1.14%	£0	£1	£4	£4	£5	£6
Limit child element to 2 children for new births in tax credits and new claims in UC	0.57%	£0	£0	£2	£4	£6	£8
Remove family element in tax credits and UC, and the family premium in Housing Benefit, for new claims	0.57%	£0	£0	£1	£2	£3	£4
Increase tax credits taper rate to 48%	0.57%	£0	£8	£6	£3	£2	£1
Reduce income thresholds in tax credits and work allowances in UC	0.57%	£0	£16	£17	£18	£19	£20
Reduce income rise disregard in tax credits	0.57%	£0	£1	£1	£1	£1	£1
End automatic entitlement for out-of-work 18-21 year olds	0.79%	£0	£0	£0	£0	£0	£0
Reduce social sector rents by 1% each year for 4 years from 2016-17		£0	£0	£0	£0	£0	£0
Pay to stay: higher income social housing tenants to pay market rents		£0	£0	£0	£0	£0	£0
Limit backdating awards to 4 weeks	0.73%	£0	£0	£0	£0	£0	£0
Support for Mortgage Interest: change from welfare payment to loan; maintain capital limit at £200,000	0.73%	£0	£0	£0	£2	£2	£2
Align Work-Related Activity Group rate with JSA for new claims	1.13%	£0	£0	£1	£3	£5	£7
UC parent conditionality from when youngest child turns 3	0.57%	£0	£0	£0	£0	£0	£0
Fraud, error and debt: tax credits changes	0.57%	£0	£0	£0	£0	£0	£0
Total impact on UK exchequer - Summer Budget		£0	£28	£39	£55	£71	£77
Autumn Statement Policy Decisions, November 2015							
Tax credits: maintain taper and income threshold	0.57%	£0	-£19	-£16	-£10	-£5	-£3
Universal Credit: updated delivery schedule	0.57%	£0	£0	£1	£1	£0	-£1
Universal Credit: uprate Minimum Income Floor with National Living Wage	0.57%	£0	£0	£0	£0	£1	£1
Housing Benefit: limit social sector rates to the equivalent private sector rate	0.79%	£0	£0	£0	£1	£1	£2
Housing Benefit and Pension Credit: limit temporary absence	0.79%	£0	£0	£0	£0	£0	£0
Childcare: revised eligibility criteria	0.57%	£0	£0	£0	£1	£1	£1
Total impact on UK exchequer - Autumn Statement		£0	-£19	-£14	-£7	-£2	£0
Total net reduction in UK welfare payments, post Autumn Statement		£0	£9	£24	£48	£69	£77
*: Edinburgh share based different claimant groups depending on scope of each policy decision Source: City of Edinburgh Council estimates							

Council Tax Reduction Scheme (30 September 2015)

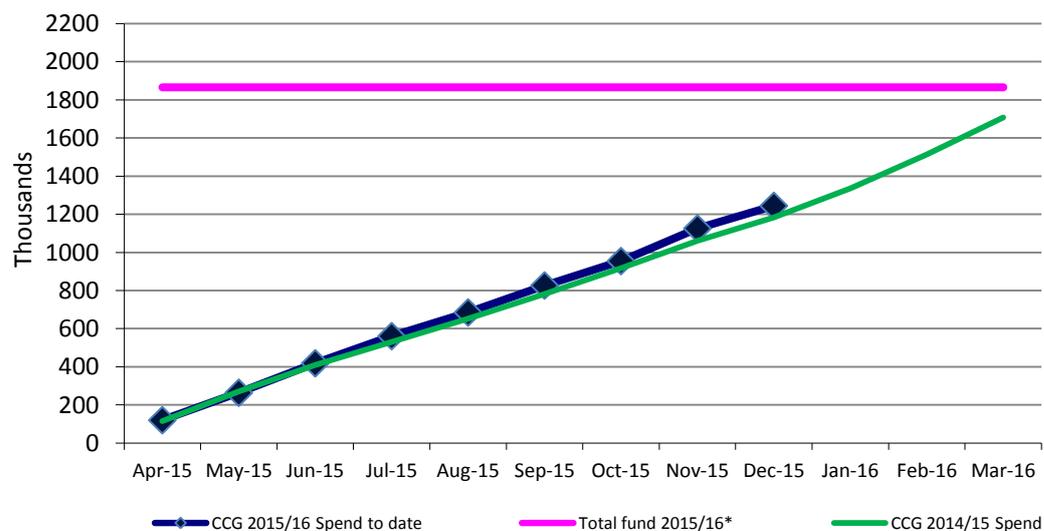


Scottish Welfare Fund Payments (31 December 2015)

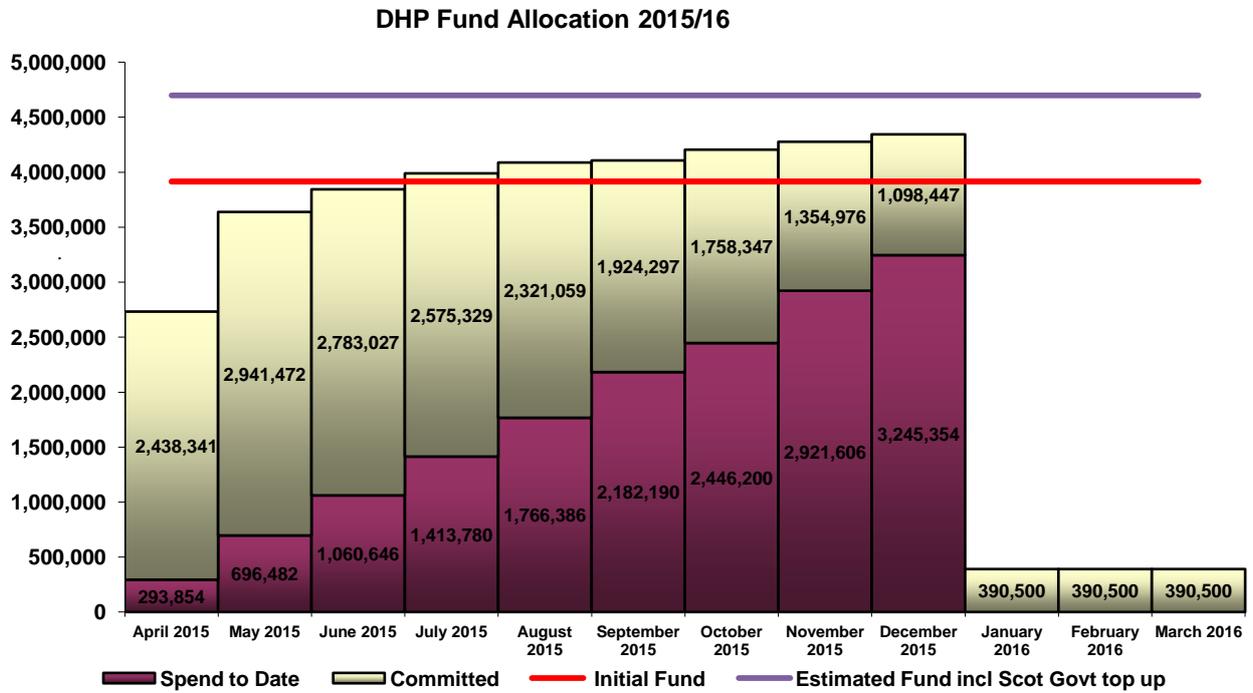
Crisis Grant Allocation 2015/16



Community Care Grant Allocation 2015/16



Discretionary Housing Payments (31 December 2015)



Foodbank Working Group Draft Remit

1. Key Aim

The Foodbank Working Group have the overall responsibility to scrutinise the use of foodbanks by Edinburgh's Citizens. This will include exploring best practice amongst foodbanks, and considering ways in which the Council can support these organisations who provide a holistic response to food crisis by support and prevention of future instances. As well as this the group will investigate alternative funding streams across the Council to support citizens at times of crisis and ensure these are fully utilised, preventing a reliance of foodbank use, considering referral as a last resort to this issue.

2. Objectives

The overall aim of the group is to optimise opportunities for citizens to address crisis and prevent this in the future with adequate debt advice, budgeting support and access to alternative funding streams. Where foodbank use is necessary, it is imperative the council works with foodbanks to ensure adequate signposting to organisations who can address the initial crisis and prevent recurrence.

The Council will seek to work with those foodbanks offering support and advice and ensure adequate referral systems are in place for access to additional support and advice.

The Council will also seek to work with colleagues in DWP in relation to hardship funding and support into employment.

The key objectives of the FBWG are to:

- Agree strategic priorities to ensure foodbank use as a last resort
- Establish mutual priority referral processes between foodbanks and the Council
- Ensure citizens are encouraged to address their financial situation with adequate support and advice
- Look at options for alternative funding streams for citizens via multiple sources and maximise opportunities for utilisation
- Strengthen relationships between foodbanks and Council Service to ensure hard to reach customers are not put in further risk of food poverty

3. Group Members

The Group will be comprised of elected members, chaired by Councillor Lunn, Vice Convenor of Communities and Neighbourhood committee, a selection of senior staff from multiple Council Services, representatives of Edinburgh's Foodbanks offering holistic support and colleagues from DWP.

4. Governance

There will be clear governance through relevant reporting lines for the group back in to Communities and Neighbourhoods Committee as relevant.

Reporting will also take place via the quarterly Welfare Reform Update to Corporate Policy and Strategy Committee, as well as the Welfare Reform Working Group, chaired by Councillor Ricky Henderson.

5. Administration

The FWG will aim to meet on a bi-monthly basis initially. Additional meetings can be arranged as required.

The management of the administration of the FWG will be the responsibility of the Welfare Reform Team.

6. Agenda Setting

Standard agenda items will be agreed by the FWG and additional items can be agreed /requested as required.

The following will be included as standard items for discussion.

- Decisions/actions from meetings
- Update on citizens accessing Foodbanks on a monthly basis and details of the nature of this access (eg Multiple food fulfilment, advice and other support taken up as result of foodbank use)
2.1
- Scottish Welfare Fund applications and successful claims for food crisis
3.1
- Action Plan
4.1
- Project Updates

Foodbank and Advice Services Map

