

# Corporate Policy and Strategy Committee

**10.00am, Tuesday, 8 November 2016**

## **Welfare Reform - Update**

**Item number** 7.8

**Report number**

**Executive/routine**

**Wards**

### **Executive Summary**

The Department for Work and Pensions (DWP) implemented Universal Credit (UC) for new single claimants in Edinburgh on 9 March 2015. The Council is involved in a new Delivery Partnership Agreement (DPA) to support citizens through the transition into Universal Credit for 2016/17.

The benefit cap is a limit on the total amount of income from certain benefits a household can receive. From autumn 2016, as part of a Central Government national initiative, this will be reduced to £335 for a couple or single person with children and £258 for a single person. In conjunction with the DWP, Council services are now working with this group to provide support as they transition through the change.

Scottish Government has launched a consultation on Social Security in Scotland, looking at how devolved benefits from Central Government could be delivered. The Council has input into a joint COSLA response, and has also produced a specific Edinburgh response.

### **Links**

**Coalition Pledges**

**Council Priorities**

**Single Outcome Agreement** [SO2](#)

# Report

## Welfare Reform - Update

### 1. Recommendations

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- 1.1 It is recommended that the Corporate Policy and Strategy Committee note:
  - 1.1.1 the ongoing work to support citizens transition into UC and through other Welfare Reforms in Edinburgh;
  - 1.1.2 the current spend projections for Discretionary Housing Payments, Council Tax Reduction Scheme; and the Scottish Welfare Fund;
  - 1.1.3 the work being undertaken collaboratively with DWP to support those impacted by the new benefit cap; and
  - 1.1.4 agree the Council's response to Scottish Government's consultation on Social Security in Scotland.

### 2. Background

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- 2.1 The Welfare Reform update is reported to the Corporate Policy and Strategy Committee on a quarterly basis, to align with the Working Group meeting cycle. The last report was considered by Committee on 9 August 2016.

### 3. Main report

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#### Universal Credit (UC)

- 3.1 UC in Edinburgh is available to new single claimants who would previously have been eligible for Job Seekers Allowance. As part of the ongoing rollout programme the DWP's digital service was extended to Musselburgh Job Centre on 23 March 2016. This extended UC from single claimants to all working age categories seeking work in East Lothian. As a result those Edinburgh claimants, resident in the east of the city, and who use Musselburgh Job Centre, are now included in this pilot. Both Penicuik and Dalkeith Job Centres will see an extension of UC from single claimants to all working age categories seeking work in Midlothian in March 2017. Work is being undertaken to identify any Edinburgh claimants using these job centres who could potentially be affected.

- 3.2 The corporate cross council operational team continues to work with DWP and Job Centre Plus (JCP) staff to support citizens transition to the new UC system and have agreed a further Delivery Partnership Agreement with the DWP for 2016/17.
- 3.3 The recent Central Government announcement of a slowdown of the UC digital service rollout means Housing Benefit will continue to be administered by local authorities into the next decade. This decision will be factored in to future Council workforce and service delivery plans. At 11 August 2016, the DWP reported there were 2665 UC claimants in Edinburgh with 43% of these claimants in employment.

### **SWF and UC Claims**

- 3.4 In order to assess the impact of UC, information is collated on claimants citing UC as a reason for applying for a Crisis Grant from the Scottish Welfare Fund. Since the introduction of UC, there have been 64 UC related applications for Crisis Grants, representing significantly less than 1% of all UC claims. As at 22 September 2016, the value of these awards is £7230.
- 3.5 The process of referring citizens in the first instance to DWP for a short term benefit advance continues.

### **Personal Budgeting Support Referrals and UC**

- 3.6 The existing Delivery Partnership Agreement between DWP and the Council requires the delivery of a personal budgeting support referral service. This service includes the co-location of the Council's Personal Budgeting Support officer with the DWP. The numbers taking up the service continue to be very low, 91 appointments over the last 12 months. The Council and the DWP are continuing to work together to increase take-up, to ensure citizens are supported throughout the UC process.

### **Council Housing Services and UC**

- 3.7 The number of tenants moving onto UC continues to be lower than expected from initial profiling estimates. At the end of July 2016, there were 431 council tenants known to be receiving UC. Of this group, around 36% are also affected by the under-occupation regulations when determining their eligibility to the housing element of UC. In these cases, a Discretionary Housing Payment (DHP) would normally be awarded to mitigate this reduction.
- 3.8 Tenants moving onto UC are doing so as new claimants and it is therefore expected that there would be a higher rate of arrears in this group as they are claiming UC due to a change of circumstances. For UC claimants around 90% (388 tenants) had some level of legacy arrears at the start of their UC claim and a

direct payment of housing costs to the Council has been requested in 65% of cases due to the level of pre-existing arrears.

- 3.9 The total value of rent to be collected per month for tenants on UC, based on the rent charge for a two bedroom flat, is approximately £177,000 per month (£2.12m per annum). It is complex to determine the level of arrears directly attributable to UC as there are a range of individual factors that affect individuals' benefit entitlement and reasons for non-payment. It is estimated that the cash value of arrears for claimants on UC has increased by an average of just over £270 per tenant since March 2015.
- 3.10 The management of UC cases in arrears is in accordance with the standard arrears process but specific advice and information is provided to help tenants understand their rent payment obligations and to manage a monthly household budget.

### **Temporary and Supported Accommodations**

- 3.11 Households in temporary accommodation affected by the benefit cap and/or under occupation, continue to be provided with advice and assistance in applying for Discretionary Housing Payments. Households are placed in temporary accommodation that reduces the likelihood of under occupancy, however on occasion they may be placed in a larger property to meet their emergency housing need. There are currently 34 out of 420 households who are under occupying in temporary accommodation.
- 3.12 It is anticipated that new DWP capping levels will be applied later this financial year. Currently there are 50 households occupying temporary accommodation that are subject to benefit capping. In May 2016, DWP carried out an exercise to determine additional citizens who could be impacted by benefit cap. A total of 434 households living in temporary accommodation were identified as potentially being subject to benefit capping if the new rates are introduced in January 2017. A full update on benefit cap is detailed in section 3.18.

### **Advice Shop**

- 3.13 The Advice Services Review is ongoing and future service delivery models are currently being considered by the Corporate Leadership Team. Updates on this review will be provided to the Health, Social Care and Housing Committee.
- 3.14 Welfare Rights appeals have reduced in the last six months according to data from the three major funded advice providers, with the average monthly figure dropping from 65 to around 30. The Advice Shop continues to represent around 30 appeals per month. This is a reversal of the trend in 2015/16 which saw an increase in this type of advocacy and representation. Her Majesty's Court and Tribunal Service is also engaging with advice providers to look at how appeals can be dealt with in the most effective manner.

- 3.15 Advice Services have seen a reduction in successful requests for Mandatory Reconsiderations (MRs) against decisions to withdraw/withhold/reduce benefits. This means more benefit claim disputes are potentially being taken to a formal appeal process, introducing a delay in resolution and increased anxiety for some claimants. Further details can be found at:  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/530202/esa-wca-mr-summary-june-2016-version2.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/530202/esa-wca-mr-summary-june-2016-version2.pdf)

- 3.16 The three major advice providers funded by the Council – CHAI, CAE and GIC – reported the following service demand:

	Jan – June 16	Jan – June 15	Jan – June 14	Jan – June 13
Welfare Rights	7885	7098	6871	6981
Debt	3558	3491	3326	2413

- 3.17 The Advice Shop has assisted approximately 3000 people since April 2016 securing £1m per month in income for citizens. Each month, assistance is provided and there are approximately 300 new benefit claims, while customers are presenting with an average of £12,000 debt per person.

#### **Extension of benefit cap**

- 3.18 The benefit cap is a limit on the total amount of income from certain benefits a household can receive. If citizens receive more than the benefit cap allows then their Housing Benefit will be reduced in line with 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 autumn 2016, this will be reduced to £335 for a couple or single person with children and £258 for a single person.
- 3.19 The Council received information from DWP in April and August 2016 which allows affected citizens to be identified. The DWP Scan in August 2016 identified 894 tenants living in Edinburgh who will be affected once the extended benefit cap is rolled out in Edinburgh in January 2017. Existing benefit cap claimants will see the lower cap applied from November 2016, and these citizens are included in the total number identified by DWP.

- 3.20 A breakdown of affected citizen by housing tenure is as follows:

Tenure	No of households affected	% of all benefit cap cases
Temporary Accommodation	394	44
Mainstream Council Tenancies	154	17.2
Private Rented Sector	277	31
Housing Association	66	7.4
Private Boarder	3	0.3

- 3.21 DWP and the City of Edinburgh have established a joint working partnership to support Edinburgh citizens through the transition. The remit of the group is to look for innovative and positive solutions and outcomes for those affected by the changes, driven by partnership working and support. Employability events are also being organised in local communities to support some of the groups affected.
- 3.22 The Council has received additional funding from the UK government to support those affected by the benefit cap, however, this will not fully mitigate the pressure and there is a need to look at different ways of providing support to citizens. The loss of benefit to this group is estimated to be in the region of £3.7m per annum, whilst the additional central government contribution to the DHP fund to reflect the additional welfare reforms in 2016/17, most significantly the benefit cap, was £123k.
- 3.23 As part of this work the Assessment and Finance team will contact all affected citizens. This is in addition to direct contact by DWP and social sector landlords who have received information of benefit claimants for whom they receive payments directly.

### **Council Tax Reduction Scheme (CTRS)**

- 3.24 The DWP has confirmed that it will continue with the CTRS funding arrangement for 2016/17. This reflects the evolving nature of CTRS and the staged implementation and migration of Housing Benefit to UC. The national Settlement and Distribution Group continue to consider the distribution of CTRS funding and will advise local authorities accordingly, as and when there are any significant changes.
- 3.25 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 CTRS and to ensure customers make the separate CTRS claim at the point of any UC claim. Local arrangements with Job Centres across the city are in place to support this.

- 3.26 The 2016/17 CTRS spend continues to be monitored on a monthly basis. Whilst CTRS uptake continues to fall, Council Tax collection continues to improve compared with the same period last year, indicating a reduced need for assistance of this nature. Appendix 1 outlines the Council's CTRS spend profile at August 2016.
- 3.27 Consideration is being given to promote CTRS to improve benefit uptake amongst groups where there is a perceived entitlement but low take-up. This is a project being undertaken by advice services.

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

- 3.28 Both Crisis Grants and Community Care Grant applications continue to be considered for medium and high priority cases. Appendix 2 outlines the Council's SWF spend profile at August 2016.

<b>Grant</b>	<b>Budget £</b>	<b>Carry Over to 2016/17</b>	<b>Total Budget Available £</b>	<b>2016/17 Spend as of August 2016</b>
Crisis Grants	660,000	0.00	660,000	£273,403
Community Care Grants	1,424,325	330,000	1,754,325	£715,821
<b>Total</b>	<b>2,084,325</b>	<b>330,000</b>	<b>2,414,325</b>	<b>£988,225</b>

- 3.29 The SWF 2<sup>nd</sup> Tier Reviews are heard by the Scottish Public Services Ombudsman and there have been five appeals to date, with four upheld.

### **Discretionary Housing Payments (DHP)**

- 3.30 The DWP's 2016/17 allocation for Edinburgh is £1.45m. This includes £863,701 to alleviate hardship on **non** Under Occupancy and £587,168 towards mitigating hardship in relation to Under Occupancy.
- 3.31 The Scottish Government's initial allocation for Edinburgh to mitigate Under Occupancy in 2016/17 is £2.56m. The remaining £9m of Scottish Government funding to fully mitigate Under Occupancy will be distributed to councils following the publication of the 2016/17 DHP statistics in May 2017. Edinburgh's anticipated additional allocation brings the estimated total DHP fund to £4.7m for 2016/17. The Council will continue to monitor DHP spend on a monthly basis and an appropriate claim will be made to the Scottish Government at year end.

3.32 As of 31 August 2016, the Council's DHP financial position was:

- £4,016,372 total fund\*
- £1,977,203 spend
- £2,226,699 committed to spend

\*exclusive of additional 20% to be allocated in 2017.

3.33 There have been 5214 DHP applications for 2016/17 considered up to 31 August 2016 of which 310 were refused. The overall refusal rate is 5.9%, the most common reasons for refusal is where a customer's income exceeds their expenditure.

3.34 At 31 August 2016 the number of days to process a request for a DHP was five days.

3.35 Appendix 3 outlines the Council's DHP spend profile at August 2016. The additional Scottish Government funding is expected to fully mitigate under occupancy in 2016/17.

3.36 In recognition of additional welfare reforms, a redrafted DHP policy will be presented for Committee approval in November and will be designed to ensure the most vulnerable citizens are financially protected.

### **Foodbanks**

3.37 The Council continues to work with foodbanks to address citizens in need. The working party set up to look at foodbank provision across the city continues to meet, with a view to better supporting those providers who provide holistic services along with emergency food aid. This group is chaired by Councillor Lewis Ritchie, Deputy Convener of Communities and Neighbourhoods, and its membership includes cross council services, foodbanks and representatives from DWP.

3.38 The Foodbank Working Group last met on Wednesday, 10 August 2016. The discussion focused on how the Council can continue to work with Foodbanks across Edinburgh to provide support to citizens and reduce repeat visits, through crisis intervention, appropriate advice, support and signposting.

### **The Welfare Reform Working Group**

3.39 The Welfare Reform Working Group met in August 2016. Items discussed were:

- Edinburgh Benefit Cap Partnership;
- Social Security Consultation;
- Benefit Uptake Campaign;

- Financial Inclusion;
- Universal Credit Update; and
- Welfare Reform Impacts on Temporary Accommodation.

### **The Welfare Reform Core Group**

- 3.40 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 Welfare Reform Partners' Forum**

- 3.41 The Welfare Reform Partners' forum met on 13 April 2016, with EVOC acting as the first rolling host in an attempt to create greater awareness and ownership of this important issue. The next meeting will take place in November 2016.

### **Scottish Government Consultation on Social Security in Scotland**

- 3.42 The Scottish Government has launched a consultation of Social Security in Scotland, focussing on how devolved benefits from Central Government will be delivered. The Council input into a joint COSLA document as part of the joint practitioner officer group. The closing date for the consultation is 28 October 2016, however, Edinburgh has been granted an extension for its own submission to ensure members have the opportunity to review and provide comments. The consultation is attached as Appendix 4 and has been developed by service experts across the Council.
- 3.43 Edinburgh's response provides commentary on all aspects of the new benefit considerations, and focuses on the need for joint working, reduced duplication by local delivery and joined up practices, simple and concise process design and dignity and respect within the scheme. Analysis of the consultation responses will be collated and published early in 2017. The Scottish Government intends to bring forward a Social Security Bill before the end of this parliamentary year.
- 3.44 Members are asked to approve the consultation document for submission to the Scottish Government.

## **4. Measures of success**

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- 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.

## **5. Financial impact**

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- 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 UC;
  - 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;
  - increase in homeless population where delays in payment of rent due to assessment periods for UC in the private sector; and
  - Increase in homeless population where Housing Benefit is restricted as a result of the benefit cap and current rent becomes unaffordable for citizen's impacted by the cap.

## **6. Measures of success**

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- 6.1 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.

## **7. Risk, policy, compliance and governance impact**

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7.1 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:

- updates are provided to Corporate Policy and Strategy on a quarterly basis;
- annual update to the Governance, Risk and Best Value Committee;
- dedicated teams introduced to provide support and assistance; and
- quarterly meetings with Elected Members, Council Officers and External Partners.

## **8. Equalities impact**

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8.1 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.

## **9. Sustainability impact**

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9.1 Welfare Reform is expected to have general implications for environmental and sustainability outcomes, for example in relation to fuel poverty and financial exclusion.

## **10. Consultation and engagement**

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10.1 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.

10.2 The Council continues to participate in groups looking at the impacts of Welfare Reform, namely COSLA's Welfare Reform Local Authority Representative Group.

10.3 Recent community engagement has resulted in plans for joint working initiatives to provide Food Bank Plus models which will address immediate crisis as well as preventative action to reduce use of such services in the future.

## **11. Background reading/external references**

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[Welfare Reform – Update: report to Corporate, Policy and Strategy Committee, 9 August 2016](#)

[Welfare Reform – Update: report to Corporate, Policy and Strategy Committee, 17 May 2016](#)

[Welfare Reform – Update report to Corporate Policy and Strategy Committee 20 January 2016](#)

Welfare Reform - Update: report to 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

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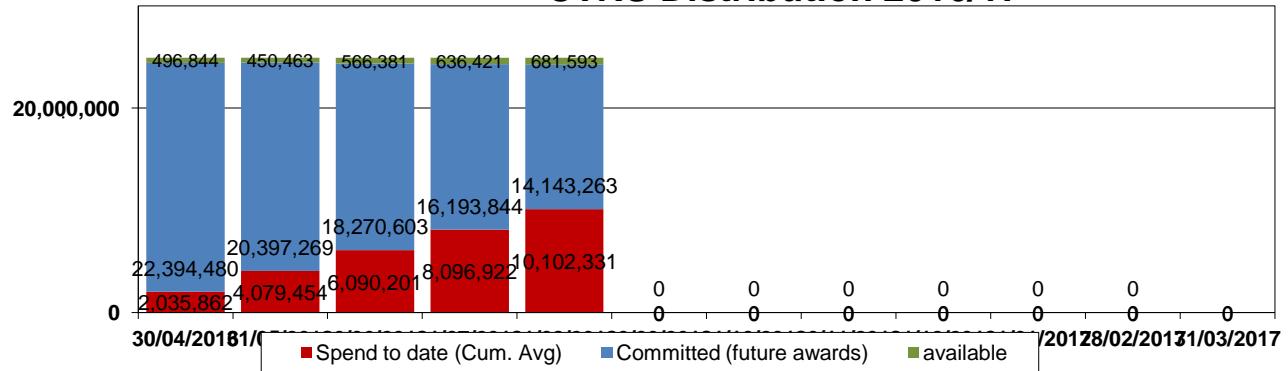
## 12. Links

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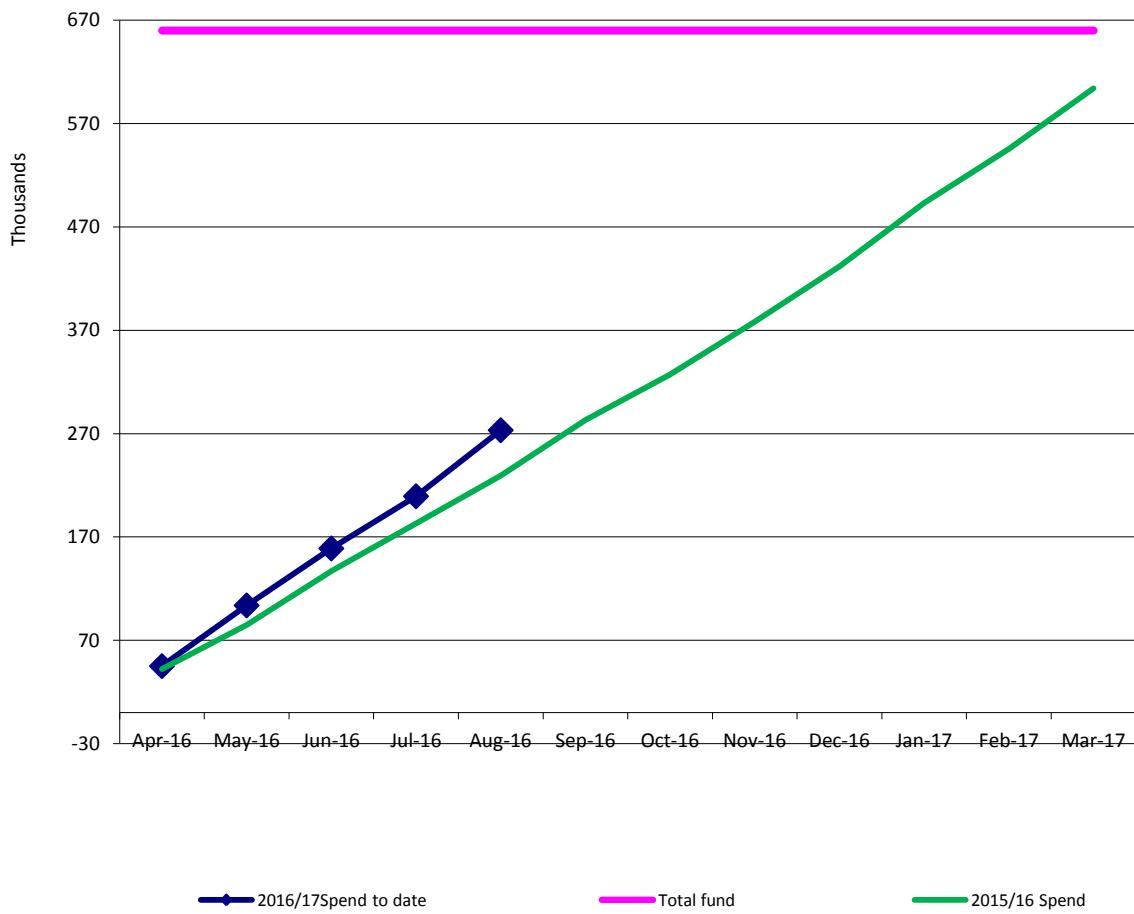
### Coalition Pledges

### Council Priorities

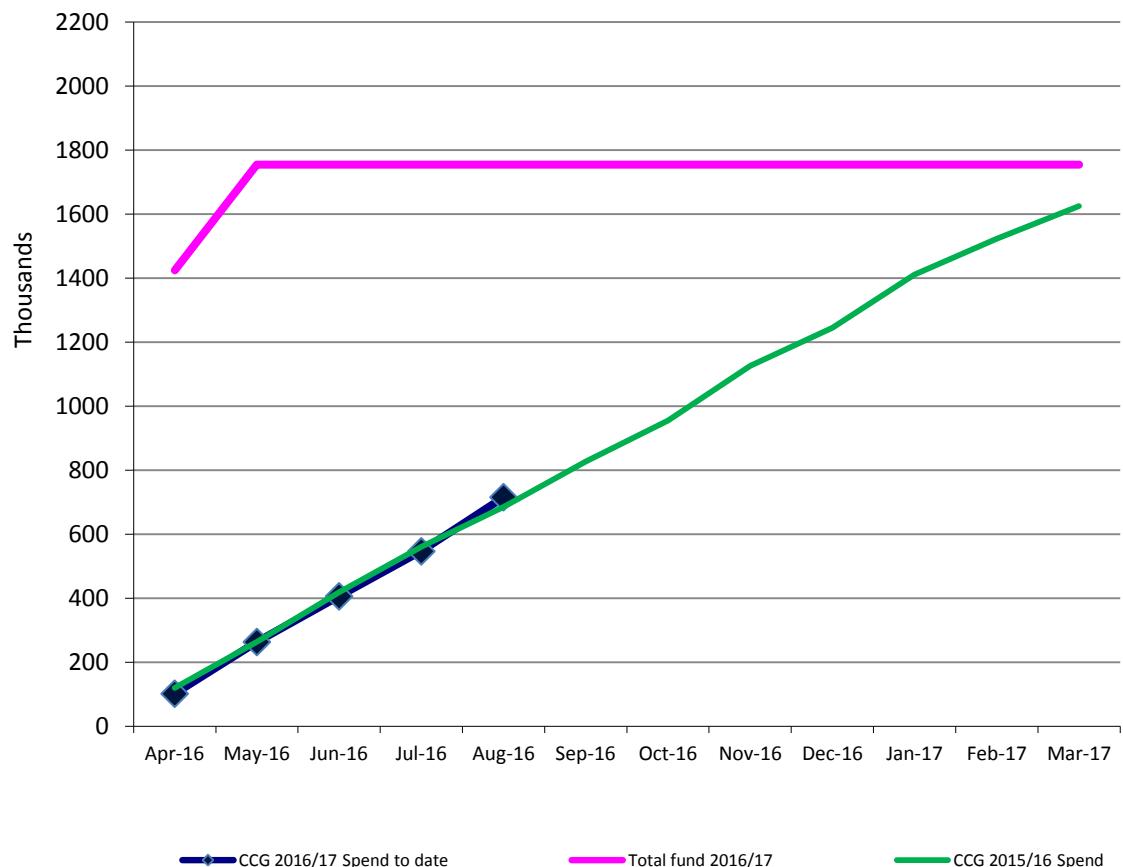
<b>Single Outcome Agreement</b>	SO2 – Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health
<b>Appendices</b>	Appendix 1 – Council Tax Reduction Scheme Spend Appendix 2 – Scottish Welfare Fund Spend Appendix 3 – Discretionary Housing Payment Spend Appendix 4 – Scottish Government Consultation on Social Security in Scotland

**CTRS Distribution 2016/17**

**Scottish Welfare Fund Spend  
Crisis Grant Allocation 2016/17**

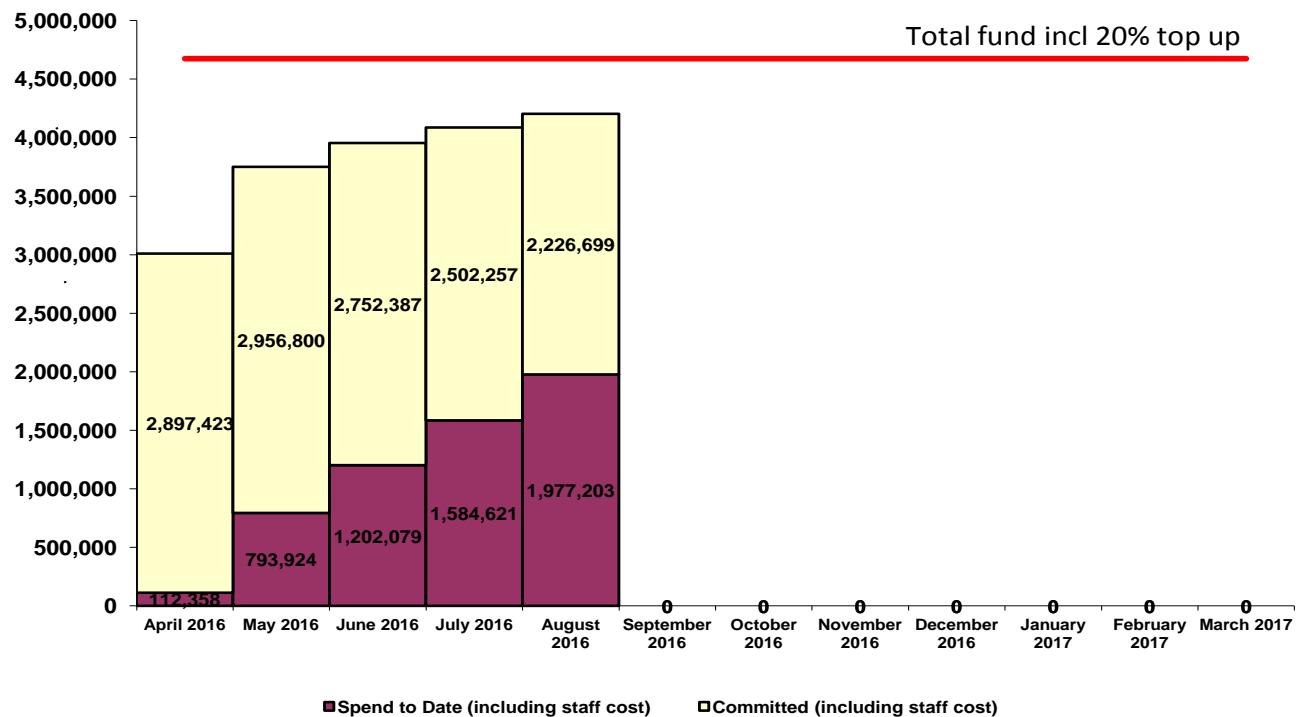


**Scottish Welfare Fund Spend  
Community Care Grant Allocation 2016/17**



## Appendix 3

### DHP Fund Allocation 2016/17



Scottish Government have launched a consultation of Social Security in Scotland surrounding proposals as to how devolved benefits **from** Central Government will be delivered.

### **Key Elements of the Consultation**

**Part 1:** A principled approach – The principles of Social Security in Scotland

**Part 2:** The Devolved Benefits – questions on each element being devolved

**Part 3:** Operational Policy – Governance and Delivery

### **Developing a Local Government Response**

Edinburgh's response has particular emphasis on public sector reform and synergies with existing Local Government services with a push on integration at a local level.

The themes listed below are provided in the response

- Principles & legislation (Claimant Charter) –importance of the culture within the agency
- User experience & outcomes – Inclusion of scheme users and deliverers of similar services in DWP/LAs in design process
- Communication & technology – Need to adopt existing technology and ensure accessible multi media communication
- Local Government role in delivery – The need for integration, partnership working and reduction in complexities
- Benefits, support & flexibility (Goods/Cash) – Whether the new scheme should provide cash/goods and the potential conflict with dignity principles of scheme.
- Assessment, appeals & advice – How this should operate in the new scheme.

### **Next steps and outputs**

Analysis of the consultation responses will be collated and published early in 2017. Engagement with the Scottish Government prior to this has been sought and agreed in principle. Scottish Government intend to bring forward a Social Security Bill before the end of this parliamentary year.