

# Corporate Policy and Strategy Committee

10.00am, Tuesday 15 May 2018

## Welfare Reform - Update

Item number	8.1
Report number	
Executive/routine	
Wards	
Council Commitments	

### Executive Summary

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This update details the Council's ongoing Welfare Reform activities. This includes the announcement from the Department for Works and Pensions on 22 March 2018 regarding Edinburgh's amended date to move to full service Universal Credit (UC).

This report also addresses the benefit cap, and the impact on Edinburgh citizens.

Discretionary Housing Payment (DHP) funding has now been devolved to the Scottish Government. The Council's initial allocation for 2018/19 is £5.2m with a further top up later in the year, which will be determined by demand. The fund is monitored extensively to ensure appropriate spend can be achieved.

## 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 Universal Credit (UC) and Welfare Reform, in Edinburgh;
  - 1.1.2 the current spend projections for Discretionary Housing Payments, Council Tax Reduction Scheme and the Scottish Welfare Fund; and
  - 1.1.3 the Welfare Reform Working Group activities to support benefit take-up and financial inclusion.

### 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 27 February 2018.

### 3. Main report

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#### Universal Credit (UC)

- 3.1 On 22 March 2018 the Department for Works and Pensions announced that UC full service roll-out in Edinburgh has been delayed from October 2018 to November 2018.
- 3.2 On 29 March 2018 the Government announced that the UC regulations would be amended so that all 18-21 year olds will be entitled to claim support for Housing Costs within full service UC. Prior to this no housing costs were paid unless the 18-21 year olds were in an exempt category. It was the Scottish Government's intention to fully mitigate non-entitlement to Housing Costs for young people by provision of support through the Scottish Welfare Fund. However, this will now no longer be necessary.
- 3.3 18-21 year olds in return will have a Youth Obligation – a package of labour market support for 18-21 years olds, looking to get into work.

## **UC Caseload in Edinburgh**

- 3.4 In February 2018 the DWP reported the following UC caseload in Edinburgh:

UC Claimants in Edinburgh	2495
UC Claimants seeking work	1432 (57%)
UC Claimants with element of employment	1063 (43%)

## **Scottish Welfare Fund (SWF) and UC Claims**

- 3.5 To assess the impact of UC on alternative funding streams, information is collated on claimants citing UC as a reason for applying for a Crisis Grant from the Scottish Welfare Fund. From 1 April 2017 to 31 March 2018 there have been 639 Crisis Grant applications with a value of £52,244 where the reason was given as financial hardship related to UC. Following normal practice, citizens, in the first instance, are referred to DWP for a short-term benefit advance.

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

- 3.6 Personal budgeting support continues to be made available in line with the delivery partnership agreement with DWP. The demand for this has been low, despite instances of co-location to give citizens' instant access to the service. The Department for Works and Pensions (DWP) are looking to work more closely with Citizens Advice Bureaus in an attempt to fully support citizens' transition to full service UC and a visit is planned for later in the year to assess the service and offer advice and options of further collaboration to enhance this service.

## **Council Housing Services and UC**

- 3.7 At the end of March 2018 there were 452 council tenants known to be receiving UC compared to 523 tenants in December 2017. The total value of rent due to be collected from tenants on UC is currently approximately £190k per month, £2.29m per annum.

## **Temporary and Supported Accommodations**

- 3.8 Households in temporary accommodation affected by the benefit cap and/or under occupancy are provided with advice and assistance in applying for DHP. Where possible 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 an emergency housing need. Currently 12 out of 421 households, who are under occupying are in temporary accommodation. This is a reduction of 1 household since February 2018. These households are entitled to claim DHP relevant to any under occupancy.
- 3.9 From 11 April 2018 people who present as homeless and in receipt of UC will apply for Housing Benefit to cover their housing costs whilst they stay in Temporary Accommodation, this will remain until April 2020 to allow alternative funding arrangements to be put in place by the DWP.

3.10 The service will visit those affected by the benefit cap and refer to The Advice Shop or other suitable advice service for a financial health check, provide advice from TAS staff and refer to other support provider if required and assists people to apply for DHP.

### **Advice Services**

3.11 The Advice Service Review is currently on schedule to be complete by 30 September 2018. This includes a review of internal advice provision and the external grants and contracts funded by Safer and Stronger Communities.

3.12 A Public Information Notice was published on 3 April 2018, to allow partner agencies to express an interest and a series of meetings will be set up with providers in early May. Further updates will be provided as the review progresses.

### **Benefit Cap**

3.13 The table below shows the number of benefit cap cases applied in each tenure type and the average weekly loss in Benefit for these citizens. The figures include benefit cap cases up to 31 March 2018.

Tenure	No of Households Affected	Average Weekly Loss in Benefit	% of all Benefit Cap Cases	Number in receipt of DHP	Average Weekly award of DHP
Temporary Accommodation	148	£193.72	27%	25	£122.51
Mainstream Council Tenancies	77	£43.66	14%	25	£47.17
Private Rented Sector	127	£62.36	23%	44	£66.38
Housing Association (RSL)	32	£40.41	6%	10	£31.14
LINK PSL	169	£32.36	30%	65	£55.61
Total	553	N/A	100%	169	N/A

3.14 The total number of claimants affected by the benefit cap has been less than anticipated, with a total of 553 households affected up to 31 March 2018.

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

- 3.15 The national Settlement and Distribution Group have allocated the Council £26.672m in CTRS funding for 2018/19. The Council were allocated £26.467m for 2017/18. No significant changes have been made to the scheme. Appendix 1 outlines the Council's CTRS spend to 31 March 2018.

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

- 3.16 Crisis Grants and Community Care Grant applications for March were considered for low priority cases. Appendix 2 outlines the Council's SWF spend profile at 31 March 2018. The table below details the 2017/18 budget allocation and total spend to 31 March 2018.

<b>Grant</b>	<b>Budget 2017/18</b>	<b>Carry Over to 2017/18</b>	<b>Total Budget</b>	<b>2017/18 Spend April to March</b>
Crisis Grants	£655,051.80	£0.00	£655,051.80	£677,346.15
Community Care Grants	£1,528,454.20	£330,000.00	£1,858,454.20	£1,647,991.01
<b>Total</b>	<b>£2,183,506.00</b>	<b>£330,000.00</b>	<b>£2,513,506.00</b>	<b>£2,325,337.16</b>

- 3.17 The number of SWF 2<sup>nd</sup> Tier Reviews heard by the SPSO between 1 April 2017 and 31 March 2018 was 40. There were 21 (52%) reviews upheld in favour of the SWF and 19 (48%) overturned in favour of the customer.

- 3.18 The table below details the 2018/19 budget allocation:

<b>Grant</b>	<b>Budget 2018/19</b>	<b>Carry Over to 2018/19</b>	<b>Total Budget</b>
Crisis Grants	£573,986.75	£0.00	£573,986.75
Community Care Grants	£1,721,960.25	£164,589.07	£1,886,549.32
<b>Total</b>	<b>£2,295,947.00</b>	<b>£164,589.07*</b>	<b>£2,460,536.07</b>

\*carry over less than balance for 2017/18 due to historic invoices that were paid

- 3.19 It is anticipated that the carry over to 2018/19 will be utilised to mitigate the impact of UC full service from November 2018. Other Local Authorities who have recently entered full service are reporting pressures in this fund.

## Discretionary Housing Payments (DHP)

3.20 The DHP budget from the Scottish Government has been allocated in two streams: Under Occupancy Mitigation and Other DHPs.

3.21 The allocation for Edinburgh for 2017/18 was as follows:

- Under Occupancy mitigation - The funding is allocated in two tranches and is based on forecasted Under Occupancy charges. The first tranche of funding was £3.1m or 80% of the expected cost.
- Other DHPs - This includes assistance for those affected by the Benefit Cap and Local Housing Allowance reforms. The funding for Other DHPs was £1.7m. This is compared to £1.45m from the DWP for 2016/17.

3.22 As of 31 March 2018, the Council's DHP end of year financial position was:

Total Fund for 2017/18	£4,836, 647*
Net Paid to Date	£5,031,204.53
Committed pending related benefit process	£45,161.58

\*exclusive of additional 20% to be allocated in 2018.

3.23 There have been 7147 DHP applications up to 31 March 2018 of which 702 were refused. The overall refusal rate is 9.8%, the most common reasons for refusal is where a customer's income exceeds their expenditure. This compares with a national average of 10%.

3.24 At 31 March 2018, the number of days to process a request for a DHP was 9 days.

3.25 Appendix 3 outlines the Council's DHP spend profile at 31 March 2018. The additional Scottish Government funding is expected to fully mitigate under occupancy in 2017/18.

3.26 In an attempt to raise awareness amongst front line staff and practitioners, DHP road shows have been held within each locality to highlight the availability and eligibility that citizens may have to this fund.

3.27 DHP road shows were held in April 2018 to DWP frontline staff and the Edinburgh Tenants Federation. As well as this the team held sessions at Gracemount Primary School during their recent Parents' Night.

3.28 The road shows held in April 2018 also included information on Free School Meals, Clothing Grants, Education Maintenance Allowance, Early Years and Nurseries, Personal Budgeting Support, SWF and CTRS

3.29 The allocation for Edinburgh for 2018/19 is as follows:

- Under Occupancy mitigation - The funding will be allocated in two tranches and is based on forecasted Under Occupancy charges. The first tranche of funding is £3.2m or 80% of the expected cost.
- Other DHPs - This includes assistance for those affected by the Benefit Cap and Local Housing Allowance reforms. The funding for Other DHPS is £2m. This is compared to £1.7m from the DWP for 2017/18.

3.30 Due to additional funding for 2018/19 it is anticipated that longer awards will be made to citizens who are eligible for a payment of DHP.

### **Scottish Social Security**

3.31 The new Scottish Security Agency is being established by the Scottish Government to administer devolved benefits from Central Government. This does not include the Scottish Welfare Fund and DHP, which will remain the remit of local authorities.

3.32 The Agency will have a central location in Glasgow and Dundee but with a local presence, utilising existing public sector locations across Scotland. National recruitment for the agency has commenced.

3.33 Consultation has opened on the Best Start Grant Regulations. The consultation will close on 15 June 2018. Under Scottish Government plans, families of young children, may be entitled to extra financial support worth up to a total of £1,100 through a Best Start Grant. It is anticipated this will be one of the benefits included in the first wave to be delivered by the Agency in summer 2019.

3.34 The Social Security (Scotland) Bill provides a mechanism to pay the Carer's Allowance supplement at the earliest opportunity, which will be summer 2018.

3.35 The Council continues to liaise with Scottish Government and COSLA to support the design and delivery of the new scheme and provide the best possible outcomes for citizens. Customer Transactions Assessment and Finance service is the main liaison contact with Scottish Social Security for the Council.

## **4. Measures of success**

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4.1 The success of the programme will continue to be measured through:

- 4.1.1 reductions in forecast loss of income; and
- 4.1.2 customer satisfaction with advice and advocacy services relating to benefit changes and 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 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:
- 5.1.1 loss of rental income to the Housing Revenue Account (HRA) arising from Housing Benefit reforms and Direct Payment under UC;
  - 5.1.2 Scottish Welfare Fund and DHP budget will be insufficient to meet demand longer term;
  - 5.1.3 the spend on Council Tax Reduction Scheme exceeds the available funding;
  - 5.1.4 reduced DWP Administration Subsidy due to the abolition of Council Tax Benefit, the phasing out of Housing Benefit and Central Government budget savings;
  - 5.1.5 increased demand on advice and advocacy both for the Council and Third Sector advice agencies; and
  - 5.1.6 increase in homeless population where delays in payment of rent due to assessment periods for UC in the private sector.

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

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

## **7. Equalities impact**

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- 7.1 The UK Government has prepared Equalities and Human Rights assessments for the welfare reform proposals. The Council will undertake Integrated Impact Assessments when necessary for any of its proposals.



## 8. Sustainability impact

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- 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.

## 9. Consultation and engagement

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- 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 COSLA's Welfare Reform Local Authority Representative Group.
- 9.3 A full Equalities Impact Assessment of the removal of paper forms will be undertaken in advance of implementation.

## 10. Background reading/external references

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[Welfare Reform](#) – Update to Corporate Policy and Strategy Committee, 27 February 2018

[Welfare Reform](#) – Update to Corporate Policy and Strategy Committee, 3 October 2017

[Welfare Reform – Update: report to Corporate Policy and Strategy Committee 28 February 2017](#)

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## 11. Appendices

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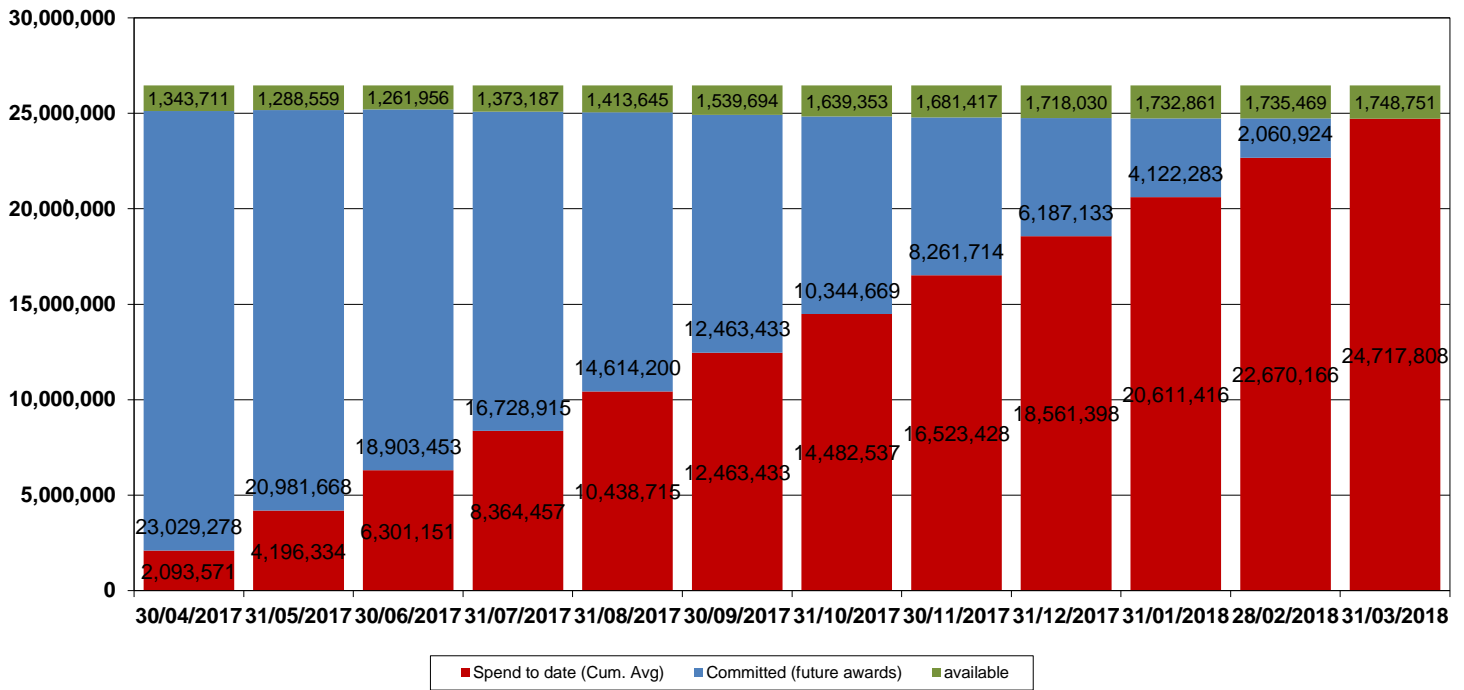
Appendix 1 – Council Tax Reduction Scheme Spend

Appendix 2– Scottish Welfare Fund Spend

Appendix 3 – Discretionary Housing Payment Spend

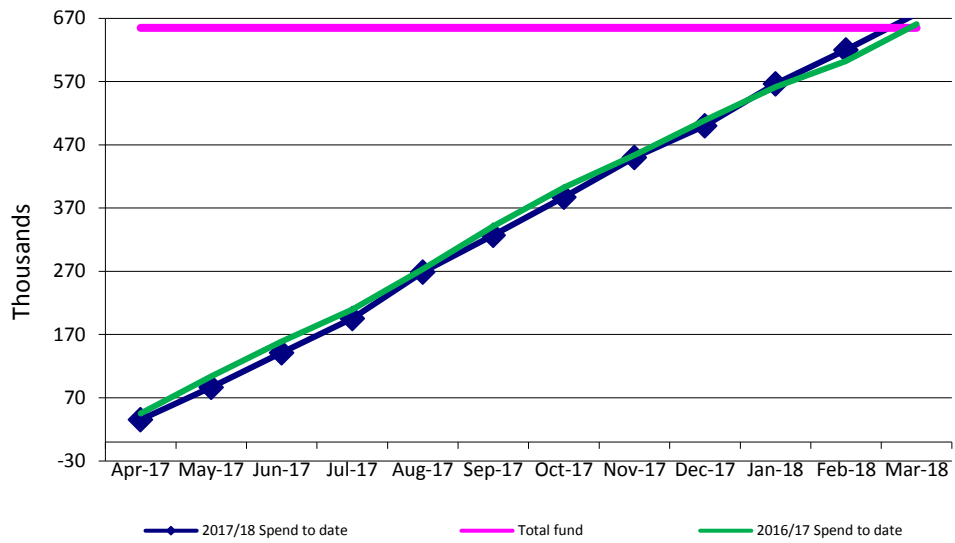
Council Tax Reduction Scheme Spend

**CTRS Distribution 2017/18**

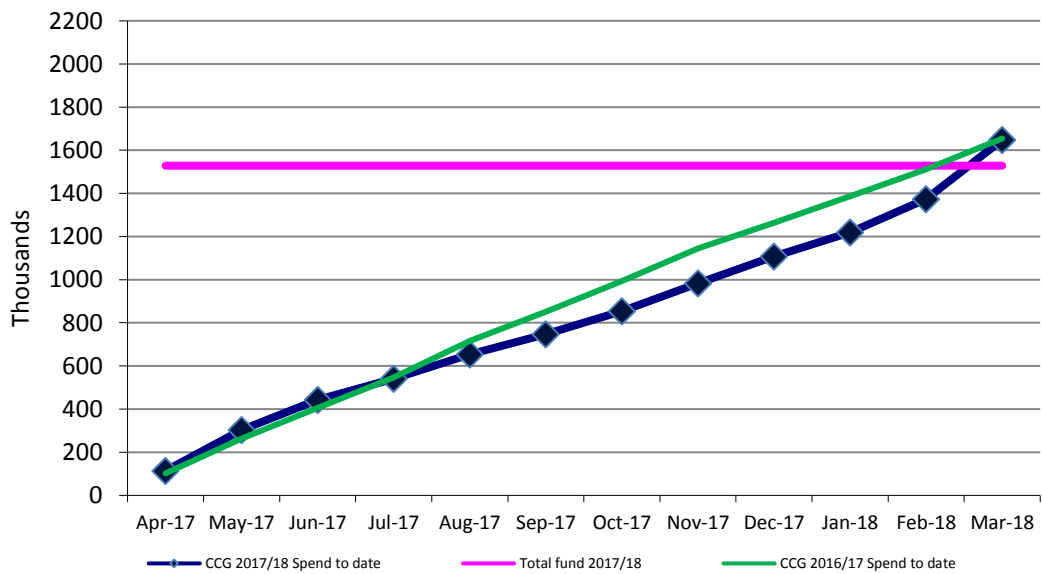


Scottish Welfare Fund Spend

Crisis Grant Allocation 2017/18



Community Care Grant Allocation 2017/18



Discretionary Housing Payment Spend

DHP Fund Allocation 2017/18

