

# Corporate Policy and Strategy Committee

**10.00am, Tuesday 4 December 2018**

## **Welfare Reform - Update**

**Item number** 8.3

**Report number**

**Executive/routine**

**Wards**

**Council Commitments**

### **Executive Summary**

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This update details the Council's ongoing welfare reform activities and includes updates on Universal Credit and the Social Security Scotland Agency. It also confirms the Council's initial funding allocation for discretionary housing payment (DHP) funding is £5.2m, with a further top up due later in the 2018/19. This will be determined by demand and the fund continues to be monitored to ensure appropriate spend.

## 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 and Welfare Reform, in Edinburgh; and
  - 1.1.2 the current spend projections for Discretionary Housing Payments, Council Tax Reduction Scheme and the Scottish Welfare Fund.

### 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 and aligns with the Working Group meeting cycle. The last report was considered by Committee on 7 August 2018.

### 3. Main report

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#### Universal Credit (UC)

- 3.1 The rollout of full service UC across Edinburgh will begin on 28 November 2018 and citizens currently on live service UC in City of Edinburgh will be transitioned to full service UC by March 2018. This is in line with Department for Works and Pensions (DWP) commitment to close down live service UC by this date.
- 3.2 A number of changes to the UC Full Service scheme were announced in the Chancellors Autumn statement of 29 October 2018.
- 3.3 Between 2020 and 2023 the DWP will progress the final phase of the UC rollout and will manage the migration of all remaining benefit claimants to UC. During 2019 testing will be carried out on managed migration for a small number of UC claimants. It has not yet been confirmed by the DWP as to how the testing will take place.
- 3.4 From February 2019 citizens with 3 or more children will be eligible to apply for UC. Currently claims are only accepted where there are 2 or less children in the household or where a household has 3 children and has been receiving UC in the last 6 months and is required to make a new UC claim.
- 3.5 From April 2019 the current work allowance within UC will increase by £1000 and working parents and people with disabilities on UC will see an increase of income of £630 per year.

- 3.6 To support the transition to UC, all self-employed citizens will receive a 12 month grace period where they are exempt from the Minimum Income Floor. This grace period allows citizens time to achieve a sustainable financial level. This will take effect from July 2019 and be fully implemented by September 2020.
- 3.7 From October 2019 citizens can repay UC overpayments more slowly to avoid financial hardship, with the standard allowance reduction decreasing from 40% to 30%.
- 3.8 Citizens in receipt of Income Support, income-related Job Seekers Allowance and Employment Support Allowance from July 2020 will receive 2 weeks of support during the transition to UC. In addition the repayment period for UC advance payments will increase from 12 to 16 months from October 2021.
- 3.9 Housing Benefit for those in receipt of Pension Credit will remain the responsibility of Councils for an additional 3 years to ensure the transfer aligns with the full implementation of UC.
- 3.10 In September 2018 the DWP reported there were 1756 UC claimants in Edinburgh of which 964 were seeking work and 792 already had an element of employment.
- 3.11 Officers of the Welfare Reform Core Group are now meeting on a weekly basis in the lead up to UC implementation in Edinburgh. The Group is sharing service activity, best practice and addressing issues arising. A register of cross council service activity has been collated and is being used to support a wide range of functions.
- 3.12 Department for Works and Pensions have been unable to project the numbers of citizens receiving UC in full service in advance of implementation. However, Customer Transactions will monitor the number of UC claimants in full service closely and this will be reported in future updates.

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

- 3.13 Since April 2018 there have been 161 applications to the SWF for crisis awards from UC claimants. A total of 98 applications were paid (£7985) and the remaining 63 applications were refused.
- 3.14 Additional resource has been established within the team to ensure adequate support is available to citizens as they transition through Universal Credit.

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

- 3.15 Universal Support will be delivered by Citizens Advice Scotland (CAS) from March 2018. Funding for Local Authorities will remain in place to provide Universal Support to the end of March 2019. The Council is actively engaged to ensure a smooth transition to the new model.

## **Council Housing Services and UC**

- 3.16 At the end of September 2018 there were 418 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 £175k per month/ £2.10m per annum.
- 3.17 A report on 'Planning for Universal Credit Full Service', that set out the approach to engaging with Council tenants moving onto UC and actions being taken to manage risks to rental income, was considered by [Housing and Economy Committee](#) on 1 November 2018.

## **Temporary and Supported Accommodations**

- 3.18 Households in temporary accommodation affected by the benefit cap and/or under occupancy are provided with advice and assistance in applying for DHP. Currently there are 24 households who are under occupying that are in temporary accommodation. Whilst every effort is made to locate citizens in size appropriate housing, this is not always possible due to the availability of properties at short notice. These households are entitled to claim DHP relevant to any under occupancy.
- 3.19 Citizens entering temporary accommodation who are in receipt of UC are entitled to claim Housing Benefit to cover their housing costs. They will continue to receive the personal allowance element of UC.

## **Advice Services**

- 3.20 The Advice Service Review will now conclude by March 2019, with relevant services continuing to be provided until the review is implemented.
- 3.21 Part of Safer and Stronger Communities budget for grant funding of advice services will transfer to the Edinburgh Integrated Joint Board / Health and Social Care Partnership for applications through its grant programme. The Advice Services Manager was due to report on the progress of the review, however in light of this decision, this has been postponed until this process has been finalised.
- 3.22 Talk Money Week events were held in November across Edinburgh, where a range of services that promote financial capability came together to raise awareness of provisions available to citizens. Alongside the Advice Service other agencies that participated included: housing associations, credit union, housing support, transactions, employability support and life skills development services.

## **Benefit Cap**

- 3.23 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 30 September 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	120	£190.95	26%	9	£88.56
Mainstream Council Tenancies	72	£48.61	15%	32	£44.09
Private Rented Sector	109	£65.11	23%	28	£85.14
Housing Association (RSL)	26	£46.98	6%	11	£45.09
LINK PSL	139	£47.41	30%	94	£50.68
Total	466		100%	174	£62.71

- 3.24 The total number of claimants affected by the benefit cap has been less than anticipated, with a total of 466 households affected up to 30 September 2018.

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

- 3.25 The National Settlement and Distribution Group allocated Edinburgh Council £26.672m in CTRS funding for 2018/19. The Council received £26.467m in 2017/18. No significant changes have been made to the scheme. Appendix 1 outlines the Council's CTRS spend to 30 September 2018 and this will be monitored throughout the remainder of 2018/19.

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

- 3.26 Crisis Grants and Community Care Grant applications between July and September 2018 were considered for high priority cases only. Appendix 2 outlines the Council's SWF spend profile at 30 September 2018.
- 3.27 A total of 11 SWF 2<sup>nd</sup> Tier Reviews were heard by the SPSO between 1 July 2018 and 30 September 2018. The SPSO upheld 3 appeals in the applicants favour and refused 8 appeals in the Council's favour.
- 3.28 The table details the 2018/19 budget allocation and spend to September 2018:

Grant	Budget 2018/19	Carry Over to 2018/19	Total Budget	2018/19 Spend April to September
Crisis Grants	£578,986.75	£0.00	£578,986.75	£284,792.01
Community Care Grants	£1,716,960.25	£0.00	£1,716,960.25	£952,915.25
Total	£2,295,947.00	£0.00	£2,295,947.00	£1,237,707.26

## Discretionary Housing Payments (DHP)

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

3.31 As of 30 September 2018, the Council's DHP position is:

Total Fund for 2018/19	£5,225,418.00*
Net Paid to Date	£2,899,009.00
Committed pending related benefit process	£2,240,37.00

*\*exclusive of additional 20% to be allocated in 2019.*

3.32 There have been 6126 DHP applications up to 30 September 2018 of which 274 were refused. The overall refusal rate is 4.5%, this compares to 6.6% at 30 September 2017. The most common reasons for refusal is where a customer's income exceeds their expenditure.

3.33 Appendix 3 outlines the Council's DHP spend profile at 30 September 2018. The additional Scottish Government funding is expected to fully mitigate under occupancy in 2018/19.

## Benefit processing figures for New Claims and Change of Circumstances

3.34 The number of days to process a Housing Benefit and/or Council Tax Reduction new claim or change of circumstances is detailed below:

Performance Indicator	Target	Actual
Days to process new benefits claims	28	26.88
Days to process change of circumstances	10	7.24

## Scottish Social Security

3.35 The new Scottish Security Agency (Social Security Scotland) has 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 with local authorities.

- 3.36 Social Security Scotland made its first payment of Carer's Allowance Supplement in September 2018. The payment of £221 and was paid to approximately 75,000 carers. The next payment of Carer's Allowance Supplement will be paid to all citizens who were in receipt of the DWP's Carer's Allowance on 15 October 2018. The payment is due to be made during December 2018.
- 3.37 The Best Start Grant (BSG) will replace the current Sure Start Maternity Grant in Scotland. The first element of this grant is the Pregnancy and Baby payment. The payment is £600 for a first child and £300.00 for any subsequent child. Citizens that have applied will receive the first payment by late December 2018.
- 3.38 The BSG includes 2 further elements, an Early Learning Payment of £250 and a School Age Payment of £250. These payments will be available by summer 2019 to eligible applicants.
- 3.39 The Council continues to liaise with Scottish Government and COSLA to support the design and delivery of the new agency and provide the best possible outcomes for citizens.

### **Citizens' Basic Income**

- 3.40 In May 2018 Scottish Government officials confirmed funding for four local authorities – City of Edinburgh, Fife, Glasgow, and North Ayrshire – to work together to research and explore the feasibility of local pilots of a Citizen's Basic Income (CBI) in Scotland.
- 3.41 Within CEC, the CBI project is being managed by Strategy and Insight with cross representation from the Council to support the project. The group will also promote and secure appropriate links with Department for Work and Pensions during this investigatory period.
- 3.42 An initial workshop to discuss the scheme took place on 8 November 2018 and considered the impact of a CBI scheme on the following areas:
- Locally Delivered Benefits
  - DWP Benefits
  - Scottish Social Security Benefits
  - Taxation and Allowances
- 3.43 The workshop outcomes are being considered and will be assessed as part of the CBI project.

## **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 and ensuring people get their full entitlement under the new arrangements.
- Customer satisfaction with support and access to digital service.

## **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:
- loss of rental income to the Housing Revenue Account (HRA) arising from Housing Benefit reforms and Direct Payment under UC;
  - Scottish Welfare Fund and DHP 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.

## **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:
- updates 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.

## **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 The Council will commence engagement with Citizen Advice Scotland and work towards a collaborative approach to support citizens as they transition into Universal Credit

## **Background reading/external references**

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[Welfare Reform](#) – Update to Corporate Policy and Strategy Committee, 7 August 2018

[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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## **Appendices**

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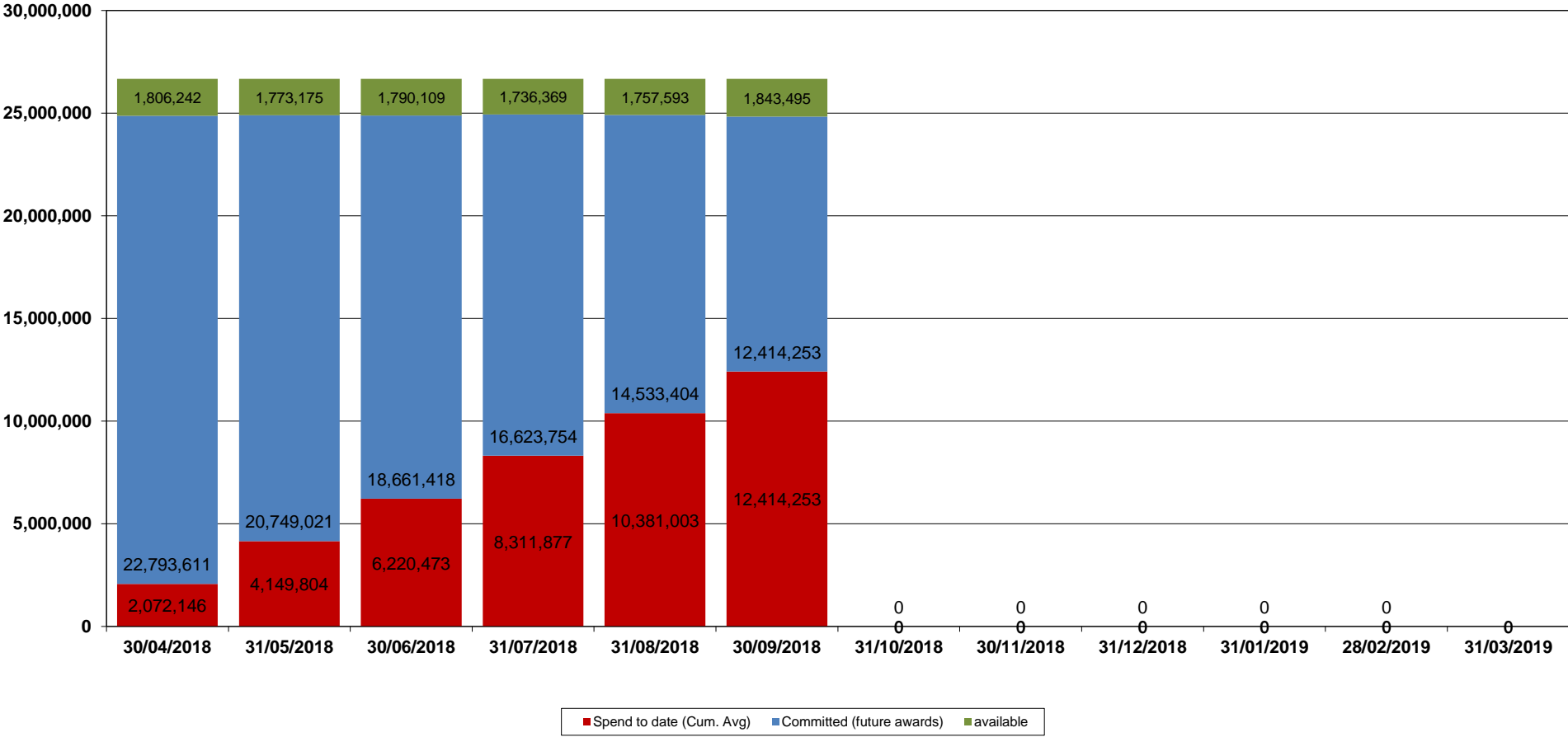
Appendix 1 – Council Tax Reduction Scheme Spend

Appendix 2 – Scottish Welfare Fund Spend

Appendix 3 – Discretionary Housing Payment Spend

Council Tax Reduction Scheme Spend

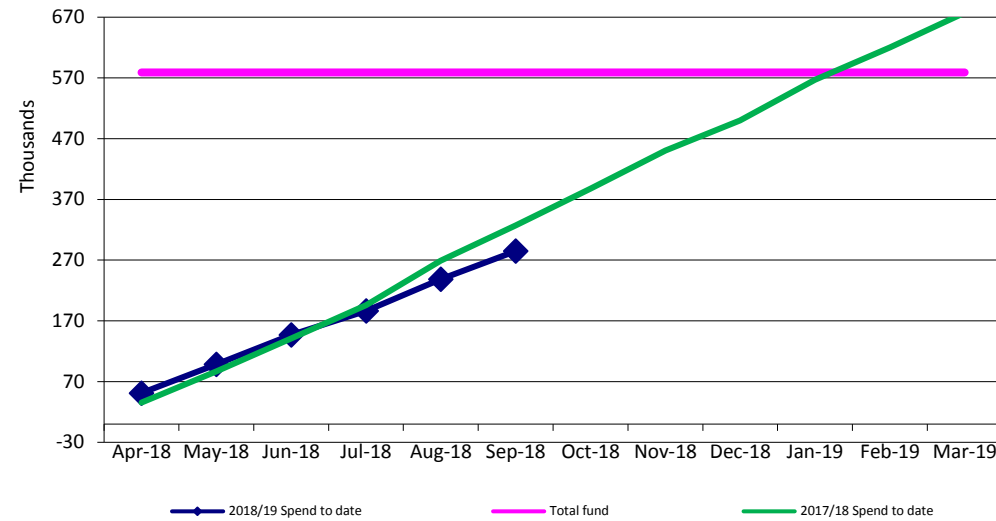
CTRS Distribution 2018/19



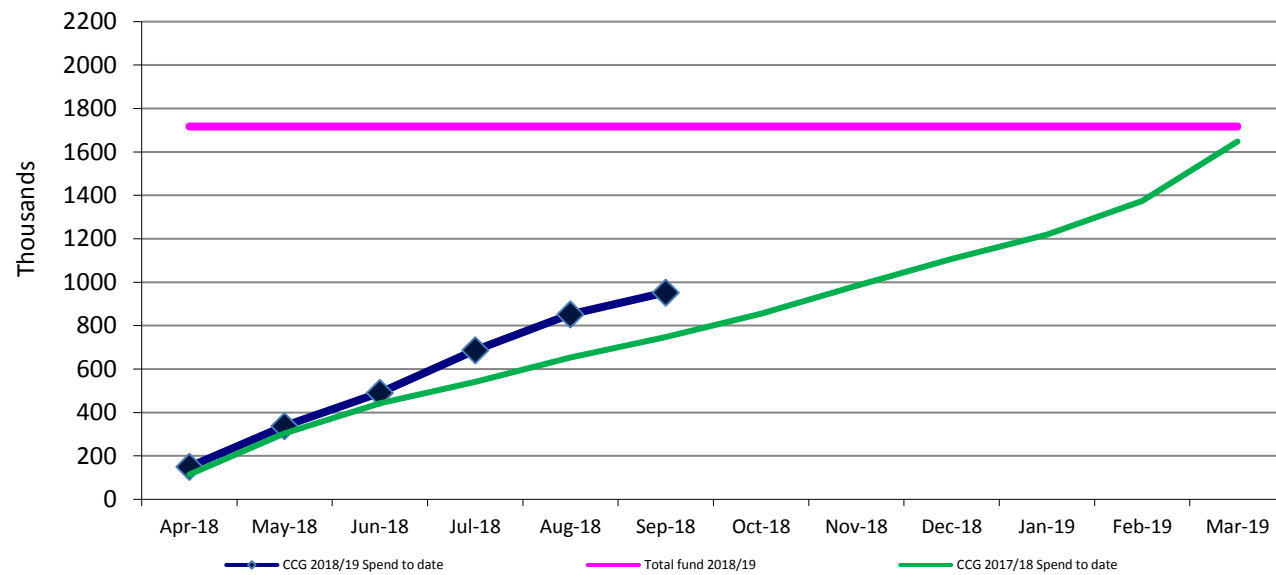
## Appendix 2

### Scottish Welfare Fund Spend

#### Crisis Grant Allocation 2018/19



### Community Care Grant Allocation 2018/19



## Discretionary Housing Payment Spend

