

Governance, Risk and Best Value Committee

10.00am, Tuesday 20 March 2018

Welfare Reform – Update – referral from the Corporate Policy and Strategy Committee

Item number	7.11
Report number	
Wards	All

Executive summary

On 27 February 2018, the Corporate Policy and Strategy Committee considered a report that detailed the Council's ongoing Welfare Reform activities, including the current Universal Credit position and the benefit cap. The report also detailed a proposal to phase out and withdraw paper-based application forms for Housing Benefit/Council Tax Reduction in favour of digital applications. The report has been referred to the Governance, Risk and Best Value Committee to consider as part of its work programme.

Terms of Referral

Welfare Reform – Update

Terms of referral

- 1.1 The Corporate Policy and Strategy Committee considered a report on 27 February 2018 that detailed the Council's ongoing Welfare Reform activities, including the current Universal Credit position and the benefit cap.
- 1.2 The report also detailed a proposal to phase out and withdraw paper-based application forms for Housing Benefit/Council Tax Reduction in favour of digital applications. The removal of paper forms would bring the Council in line with the Department of Work and Pensions (DWP) and a number of other councils.
- 1.3 The Corporate Policy and Strategy Committee agreed:
 - 1.3.1 To note the ongoing work to support Universal Credit and Welfare Reform, in particular the extension of the benefit cap in Edinburgh.
 - 1.3.2 To note the current spend projections for Discretionary Housing Payment, Council Tax Reduction Scheme and the Scottish Welfare Fund.
 - 1.3.3 To agree in principle to withdraw paper application forms for Housing Benefit/Council Tax Reduction in favour of a digital only application, subject to a further report on the consultation/impact assessment, and final decision by the committee.
 - 1.3.4 To agree to refer this report to the Governance, Risk and Best Value Committee to consider as part of its work programme.
 - 1.3.5 To request further information in the next report to Committee on the number of people refused short term benefit advances by the DWP.

For Decision/Action

- 2.1 The Governance, Risk and Best Value Committee is asked to consider the report as part of its work programme.

Background reading / external references

Corporate Policy and Strategy Committee – 27 February 2018

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Links

Appendices

Appendix 1 - report by the Executive Director of Resources

Corporate Policy and Strategy Committee

10.00am, Tuesday 27 February 2018

Welfare Reform – Update

Item number	7.1
Report number	
Executive/routine	
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Executive Summary

This report details the Council's ongoing Welfare Reform activities, including the current Universal Credit (UC) position following the significant changes announced by the UK Chancellor on 23 November 2017. It also considers the benefit cap, its impact on Edinburgh citizens and related transitional activities.

This report also details a service proposal to phase out and withdraw paper-based application forms for Housing Benefit/Council Tax Reduction in favour of digital applications. This change would be effectively supported through a range of activities.

Welfare Reform - Update

1. Recommendations

- 1.1 It is recommended that the Corporate Policy and Strategy Committee:
 - 1.1.1 note the ongoing work to support University Credit (UC) and Welfare Reform, in particular the extension of the benefit cap in Edinburgh;
 - 1.1.2 note the current spend projections for DHP, Council Tax Reduction Scheme and the Scottish Welfare Fund;
 - 1.1.3 agree, subject to an appropriate Impact Assessment, to withdraw paper application forms for Housing Benefit/Council Tax Reduction in favour of a digital only application; and
 - 1.1.4 agrees to refer this report to the Governance, Risk and Best Value Committee to consider as part of their work programme.

2. Background

- 2.1 The Welfare Reform update is reported to the Corporate Policy and Strategy Committee on a quarterly basis. The last report was considered by Committee on 3 October 2017.

3. Main report

Universal Credit

- 3.1 As part of the Universal Credit (UC) live service, UC has been available to new, single claimants in Edinburgh, who would previously have been eligible for Job Seekers Allowance. As a result of the Chancellors Autumn statement on 23 November 2017, no new claims will now be accepted for the UC live service. This decision will allow DWP to concentrate on the implementation of 'full service UC'. In addition the rollout of full service UC in Edinburgh has been moved from June to October 2018.
- 3.2 The Chancellor's statement included significant changes to the national roll out schedule for Universal Credit and detailed a £1.5 billion support package. The following table summarises the key changes:

Implementation	Universal Credit Policy Change
January 2018	<p>Cessation of new claims for Universal Credit Live Service from January 2018, resulting in additional citizens claiming legacy benefits.</p> <p>Extended period to repay UC advances has been increased from 6 to 12 months, allowing citizens to receive 100% advance of their projected payment from January 2018. Advances will be paid within 5 days of applying.</p> <p>Proposed plans to extend partnership working with Citizen Advice, to provide more face to face support to UC claimants</p> <p>Households with more than 2 children will continue to claim legacy benefits and will not transfer to UC until 2019.</p>
Spring 2018	DWP will launch online advance request facility.
February 2018	Abolition of seven day waiting period, reducing the assessment to payment period from 6 to 5 weeks.
April 2018	Housing Benefit Run-On will be introduced for UC claimants, awarding an additional 2 weeks Housing Benefit to support citizens meet their Housing Costs during the transitional period.
TBC	Private landlords will be able to apply for a managed payment if specific circumstances can be demonstrated that are likely to result in rent arrears. NB This can be done In Scotland however agreement is required from the citizen at this time.
October 2018	UC Full Digital Service implemented in Edinburgh.

- 3.3 The Council is working with the DWP to effectively implement these actions, however, it is anticipated that the transition of UC live claimants back to legacy benefits will increase the Council's Housing/Council Tax Benefit caseload for a short period until full service is introduced.

UC Caseload in Edinburgh

- 3.4 In December 2017 the DWP reported that there were 2666 UC claimants in Edinburgh. Of this total 60% (1597) were seeking work and 40% (1069) had an element of employment.

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 April 2017 to 31 December 2017 there were 561 Crisis Grant applications (£45,770) where financial hardship related to UC was cited. In line with the national policy these citizens are referred, in the first instance, to the DWP for a short-term benefit advance.

Personal Budgeting Support Referrals and Assisted Digital Support and UC

- 3.6 The Council, in conjunction with the DWP, continues to offer Personal budgeting support. To date the demand for this has been low, despite instances of co-location to allow citizens instant access to the service. The DWP are exploring how to work more closely with Citizen Advice to effectively support the transition to full service UC.

Council Housing Services and UC

- 3.7 At the end of December 2017 there were 523 council tenants receiving UC, compared to 520 tenants at the start of the 2017/18. The total value of rent due to be collected from tenants on UC is approximately £217k per month (£2.61m per annum).
- 3.8 In line with recent national changes no Edinburgh citizens will move on to UC until full service in Edinburgh is rolled out. Existing tenants on UC will continue to receive advice to help them meet their rent payment responsibilities.

Temporary and Supported Accommodations

- 3.9 Wherever possible households are placed in temporary accommodation to reduce the likelihood of under occupancy, however, on occasion a larger property may be used to meet an emergency housing need.
- 3.10 Currently 13 of 421 households who are under occupying are in CEC owned temporary accommodation. These households are entitled to claim DHP to cover the relevant under occupancy element and appropriate assistance is provided.
- 3.11 Additional support is also offered to those in temporary accommodation who have had their benefit capped. Council services visit those affected and referrals are made to the Advice Shop/other advice services for financial health checks, accommodation advice, DHP application support etc.

Advice Services

- 3.12 Advice agencies continue to support citizens reliant on state and local authority financial assistance for essential living costs. There was a seasonal downturn in

debt enquiries during the festive period, consistent with previous years. It is anticipated that the number of enquiries will rise during the first quarter of 2018.

- 3.13 The number of appeals where advice agencies have represented claimants has remained steady. Again, it is anticipated that the number of appeals listed will increase from mid-January 2018. The Advice Shop's representation at appeals resulted in a claimant success rate of between 71 – 83% over the latest period.

Extension of Benefit Cap

- 3.14 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 cap (£384 for couple/single person with children or £258 for a single person) then their Housing Benefit is reduced until they are brought back within the income cap.
- 3.15 The following table shows the number of benefit cap cases applied for each tenure type and the average weekly loss in Benefit for these citizens, up to January 2018.

Tenure	No of Households Affected	Average Weekly Loss in Benefit	% of all Benefit Cap Cases	Number in receipt of DHP	Average award of DHP
Temporary Accommodation	131	£199.61	25%	18	£111.21
Mainstream Council Tenancies	79	£44.57	15%	27	£38.99
Private Rented Sector	124	£73.31	24%	46	£72.28
Housing Association (RSL)	27	£43.16	5.5%	6	£19.28
LINK PSL	158	£30.29	30.5%	63	£53.73
Total	519	N/A	100%	160	N/A

- 3.16 The total number of claimants affected by the benefit cap has been less than anticipated, with a total of 519 households affected up to 9 January 2018. The Council and key stakeholder agencies continue to engage with citizens, to ensure appropriate levels of advice and guidance.
- 3.17 A specific benefit cap event was held on Thursday 9 November 2017 at Royston Wardieburn Community Centre for claimants in the north area of Edinburgh. Invites

were issued to 112 benefit cap claimants living in EH4, EH5 and EH6 postcodes prior to this event, with 12 in attendance.

- 3.18 A total of 17 different agencies participated at the event including employability, advice, housing, multiple benefits/grants and early years services. The event was also attended by elected members and representatives from local community groups who provide support to claimants.
- 3.19 There were a number of positive outcomes from the event and four claimants affected by the benefit cap were given assistance in applying for Discretionary Housing Payments. A further two claimants with long term health conditions, engaged with 'All In Edinburgh' and are pursuing a Training Programme to help them back into employment.

Council Tax Reduction Scheme (CTRS)

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

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

- 3.21 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 31 December 2017. The table below details the 2017/18 budget allocation and total spend to 31 December 2017.

	Budget 2017/18 (£)	Carry Over to 2017/18	Total Budget (£)	2017/18 Spend April to Dec (£)
Crisis Grants	£655,051.80	£0.00	£655,051.80	£500,190.83
Community Care Grants	£1,528,454.20	£330,000.00	£1,858,454.20	£1,107,295.77
Total	£2,183,506.00	£330,000.00	£2,513,506.00	£1,607,486.60

- 3.22 The number of SWF 2nd Tier Reviews heard by the SPSO between April 2017 and 31 December 2017 was 34. A total of 16 (47%) reviews were upheld in favour of the SWF and 18 (53%) overturned in favour of the citizen.
- 3.23 There were a total of 2035 referrals made to Foodbanks in Edinburgh between April 2017 and 31 December 2017.

Discretionary Housing Payments (DHP)

3.24 From 1 April 2017, DHP funding was devolved from the DWP to the Scottish Government. The allocation for Edinburgh for 2017/18 is as follows:

- Under Occupancy mitigation - Funding is allocated in two tranches and is based on forecasted Under Occupancy charges. The first tranche of funding is £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 is £1.7m (£1.45m from the DWP in 2016/17).

The initial total of the DHP fund for 2017/18 is £4.8m, however this does not include the remaining 20% of funding to fully mitigate under occupancy, which would increase the fund to around £5.6m. Analysis suggests this that the total fund is likely to be £5.4m, given levels of under occupation in Edinburgh.

3.25 As of 31 December, the Council's DHP position was as follows:

Total Fund for 2017/18	£4,836, 647*
Net Paid to Date	£3,663,300.90
Committed pending related benefit process	£1,028,052.80

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

3.26 There have been 6382 DHP applications up to 31 December 2017 of which 524 were refused. The overall refusal rate is 8.2% and the most common reason for refusal is where a customer's income exceeds their expenditure. The number of days to process a request for a DHP was 13 days. Appendix 3 outlines the Council's DHP spend profile at December 2017.

3.27 As part of an ongoing awareness campaign road shows are being held within each locality to highlight the availability of the fund. The purpose of the events is to promote DHP and answer any questions which locality staff may have around DHP. The events have been well attended, with positive feedback.

Scottish Social Security

3.28 A new Scottish Security Agency is being established by the Scottish Government to administer benefits devolved from Central Government. This does not include the Scottish Welfare Fund and DHP fund which will remain with local authorities to administer.

3.29 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. The Council's Customer team remains the main liaison with Scottish

Social Security Agency and further updates will be provided to Committee as operating arrangements are clarified

Application for Benefit – Online Opportunities

- 3.30 As part of ongoing modernisation activities the service has impact assessed the merits of moving to a digital only application form for Housing Benefit and Council Tax Reduction Benefit. The removal of paper forms would bring the council in line with the DWP and a number of other councils. This would deliver a range of citizen, service and efficiency benefits, on the understanding that, as appropriate, citizens will continue to receive support and advice. This service change is considered in detail at Appendix 4.

4. Measures of success

- 4.1 The success of the Welfare Reform programme continues 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.

5. Financial impact

- 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

- 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

- 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 appropriate proposals.
- 7.2 An Impact Assessment will be undertaken in relation to the proposed removal of paper forms in advance of implementation

8. 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.

9. 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 looking at the impacts of Welfare Reform, including 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

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

[Welfare Reform – Update: report to Corporate, Policy and Strategy Committee 8 November 2016](#)

[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 23 February 2016](#)

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11. Appendices

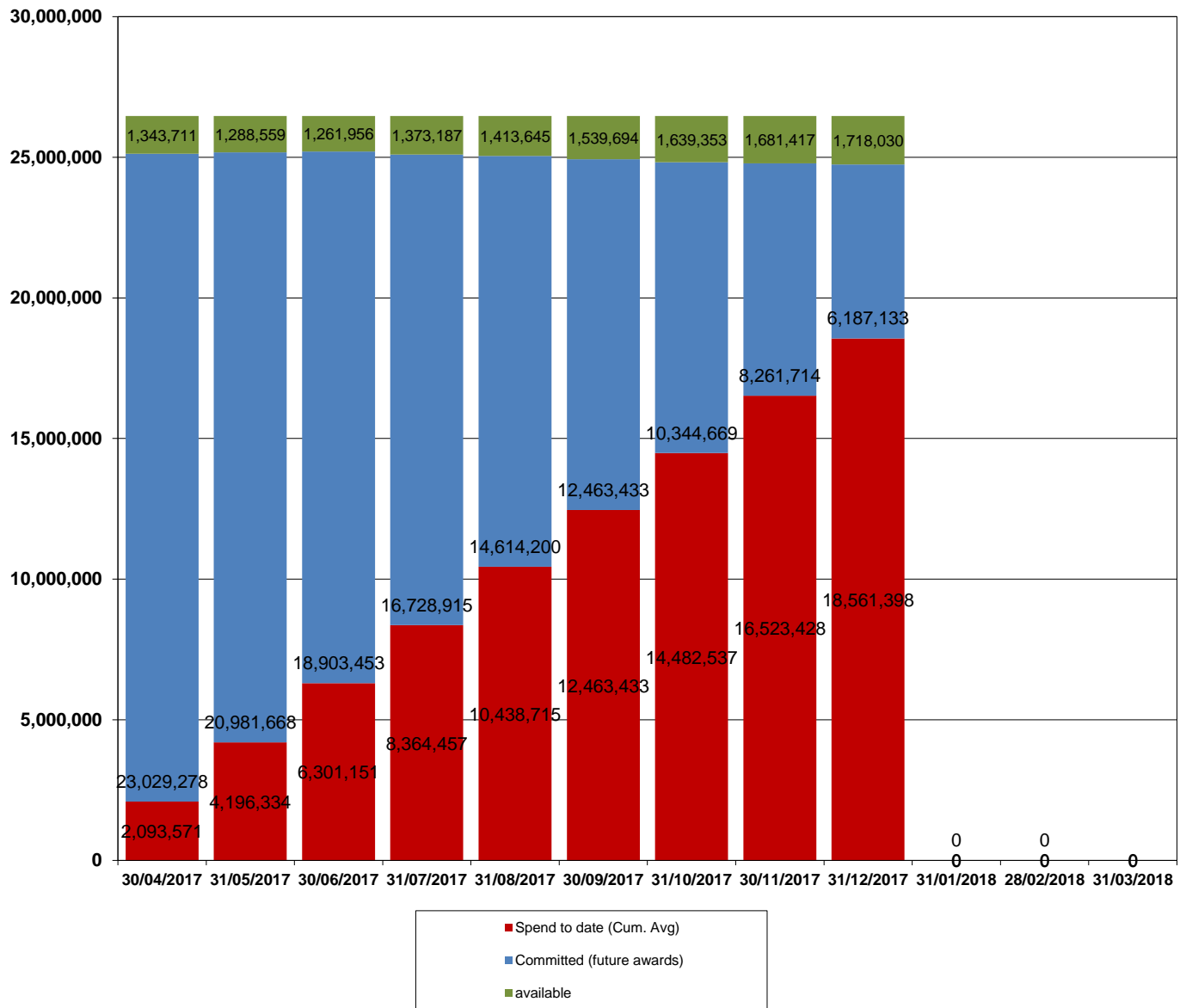
Appendix 1 – Council Tax Reduction Scheme Spend

Appendix 2 – Scottish Welfare Fund Spend

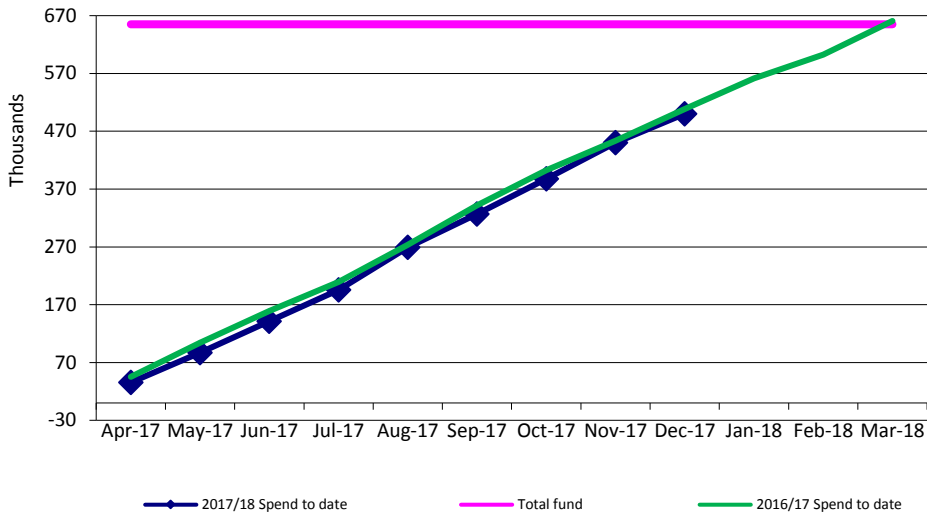
Appendix 3 – Discretionary Housing Payment Spend

Appendix 4 – Removal of Paper Forms for Housing Benefit/Council Tax Reduction

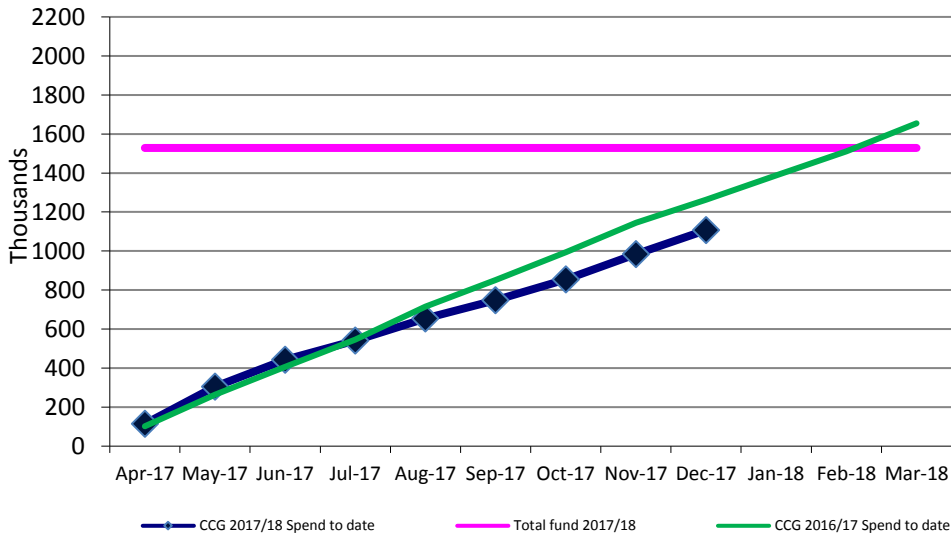
CTRS Distribution 2017/18



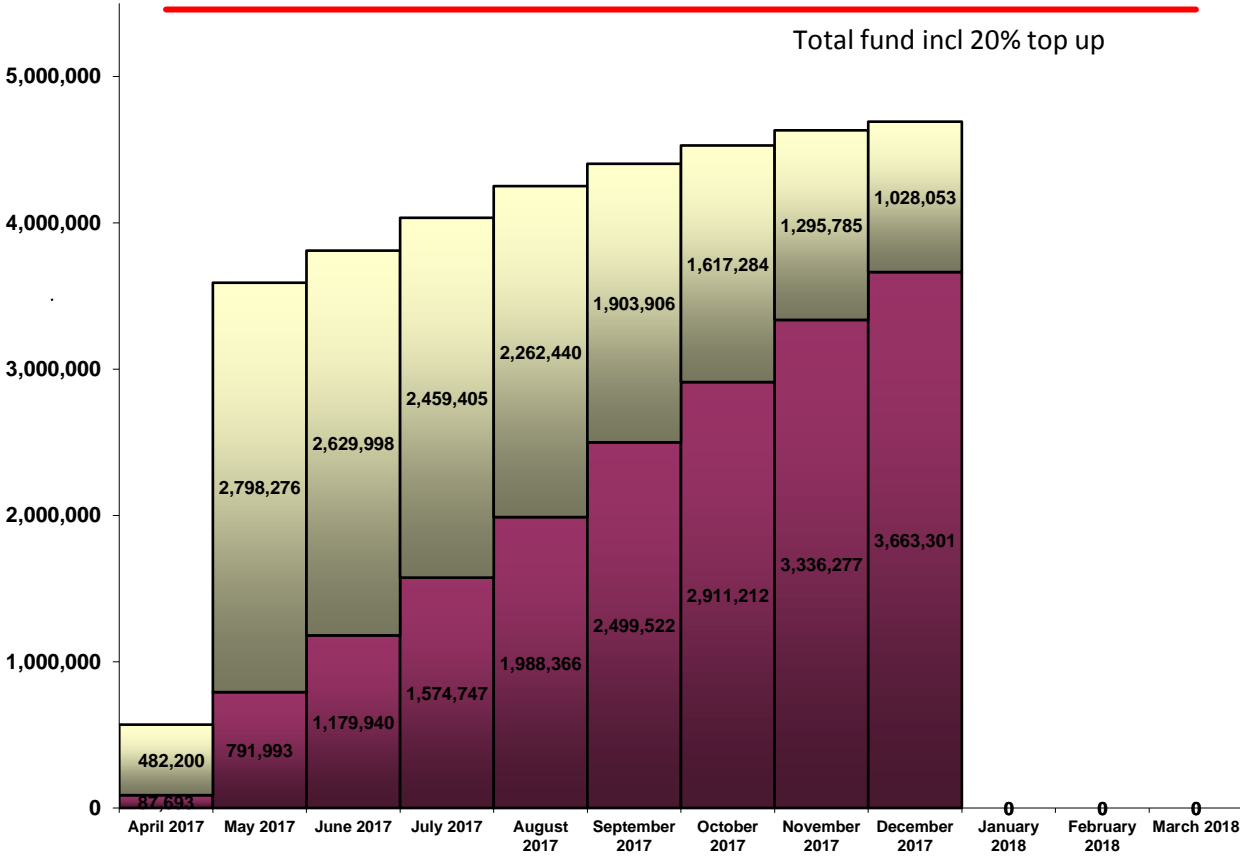
Crisis Grant Allocation 2017/18



Community Care Grant Allocation 2017/18



DHP Fund Allocation 2017/18



- Committed pending related benefit process
- Net paid to date

Removal of Paper Forms for Housing Benefit/Council Tax Reduction

Operational Change

To remove paper application forms for Housing Benefit and Council Tax Benefits and replace them with digital options, supported by comprehensive back office integration.

Context

The Council has offered an online form for Housing Benefit and Council Tax Reduction applications for several years. This online form allows for full integration with back office systems, removing the need for manual data input and reducing the risk of keying errors. It is estimated that the use of the online option reduces the time taken to assess a claim by around 20 minutes per case. This benefits citizens, Landlords and the service area by ensuring that claims are processed accurately, efficiently and payment is made promptly.

A five month sample exercise has highlighted that the Council currently receives **73%** of its Housing Benefit and Council Tax Reduction via online forms, with **27%** coming via traditional paper forms. Paper forms are received from all tenancy types (Private/Housing Association/Council)

- 60% of paper forms were from Council Tenants (72% of forms received at local offices)
- All non-digital Housing Association claims originated from one HA.
- 15% of paper forms completed by a third party as the claimant required assistance.

Benefits

A fully online application process would have various citizen, service and efficiency benefits:

- Cost reduction in processing benefit claims as a result of no/limited data input. Resource would be retasked to focus on assessment activities to support faster benefit processing
- Qualified resource no longer undertaking data input activities
- Approach consistent with Council's channel shift aspirations, by offering fully accessible services to those with access to digital devices with additional support in place for those that need it.
- Removal of paper based applications will reduce carbon footprint across the Council.
- Online functionality will shortly be available that allows citizens to upload documents digitally as part of the claim process. This will direct citizens to provide the appropriate documentation to allow for the speedier processing of their claims, enhancing the citizen experience.

The success of this change will be measured through various indices including the number of online form applications, customer satisfaction, and time taken to process claims. Any reputational risk to the Council will be monitored and updates would be provided to members as part of the quarterly update to Corporate Policy and strategy and the annual update to the Governance, Risk and Best Value Committee.

Approach

The move to online forms as the default service will be supported by the following activities:

- Online forms promoted to key stakeholder groups, with appropriate notification of the change
- CEC staff that are currently using paper forms will be directed to the digital online services when they are supporting citizens.
- Training will be offered to groups who provide support to citizens to ensure they are comfortable with the online form.
- Self Service kiosks are available in all locality offices. These enable citizens to access the online forms, whilst receiving appropriate levels of support
- Additional support provided to those that are unable to access the default online forms e.g. supported by telephone or within locality offices.
- Frontline staff will continue to promote the online form and raise awareness across communities.

Consultation

Existing stakeholders will be consulted in advance of the change; including Citizens, CEC Frontline Staff, CEC Customer Service Points, Registered Social Landlords & Housing Associations, Advice agencies, Voluntary Sector, Job Centre + offices

An Integrated Impact Assessment (IIA) will be undertaken in advance of the withdrawal of paper forms to provide assurance that the withdrawal of paper forms meets with legal duties to consider equality, human rights and sustainability. It will also provide the opportunity to identify and tackle unanticipated impacts.

Contact has been made with nine Scottish Councils, of which three confirmed that they offer an exclusive digital application service, with other councils considering their options at this time. Those councils that have moved to a fully digital service confirmed that there had been no negative feedback following the appropriate stakeholder engagement and the use of appropriate support for those who have difficulty accessing and using digital devices.

The DWP has already introduced an exclusively online digital application process through Universal Credit. This arrangement is supported by a delivery partnership agreement that details support for citizens in accessing digital devices and for those who could experience difficulty using online applications. Lessons learned from this exercise will be used to inform Edinburgh's approach.

Timescale

April 2018, subject to Impact Assessment outcomes