


Business Bulletin

Governance, Risk and Best Value Committee

10.00am, Tuesday, 7 July 2020

Teams Meeting

Governance, Risk and Best Value Committee

Convener:	Members:	Contact:
<p>Councillor Joanna Mowat</p> 	<p>Councillor Eleanor Bird Councillor Jim Campbell Councillor Maureen Child Councillor Phil Doggart Councillor Neil Ross Councillor Claire Miller Councillor Rob Munn Councillor Gordon Munro Councillor Susan Rae Councillor Norman Work</p>	<p>Lesley Birrell Committee Officer 0131 529 4240</p> <p>Martin Scott Assistant Committee Officer 0131 529 4237</p>

Recent news	Background
<p>Welfare Reform Annual Report</p> <p>To agree that the Convener would write to the Convener of the Corporate Policy and Strategy Committee recommending that he write to the UK Government requesting assistance to mitigate the impact of welfare reform, and that details, including any responses, would be provided in the Committee's Business Bulletin. <i>Response letter attached as Appendix 1.</i></p>	<p>Outstanding action item number 5 from GRBV 9 June 2020</p>

Forthcoming activities:

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for Work &
Pensions

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Our ref: MC2020/07275

18 MAR 2020

Dear Adam,

Thank you for your letter of 10 February to the Secretary of State about the rollout of Universal Credit and how it affects your budget. I am replying as the Minister with responsibility for this policy area.

The New Burdens Doctrine places a requirement on Government Departments to review the cost implications of new policies on local government with a view to refining future levels of funding and allocations thereof. The Department continues to apply this approach, specifically through the Housing Benefit cost model refresh work, which involves a number of local authorities supporting work to help the Department better understand operational costs.

When this Department reviewed the Universal Credit New Burdens cost information submitted by local authorities last year, it was clear that it needed to review the allocation methodology as there was a need to improve the alignment between the level of new burdens funding paid and the costs incurred by local authorities. The new methodology is based on the estimated volume of Housing Benefit cases transferring from Housing Benefit to Universal Credit. This aligns more closely with the costs incurred by local authorities and aligns with the methodology used to determine Housing Benefit Administration Subsidy Universal Credit reductions.

The Department has introduced improvements to data sharing processes between the Universal Credit Full Service and local authorities, particularly in relation to closing Housing Benefit claims and providing Universal Credit claim information for Local Council Tax Reduction Scheme purposes. This includes:

- Improving the way Housing Benefit stop notifications are triggered so that where a Housing Benefit interest is set in the Department's Customer Information System, the Housing Benefit stop will automatically be sent to the local authorities;
- the Department's Customer Information System interest flag automation ensures only valid notifications are issued to local authorities;
- refining the Universal Credit claim to gather questions for Local Council Tax Reduction to ensure data is shared only when required.

The Department also recently announced that, from 1 April this year it is making changes to the MGP1LA process when a local authority receives a Housing Benefit stop notice. A local authority will only have to return a MGP1LA to the Universal Credit service centre when there is something to tell us. This should dramatically reduce the time and effort local authorities spend on this activity.

Local Council Tax Reduction policy for your local authority is owned by Scottish Government. Universal Credit shares claim and payment data, as well as all relevant changes of circumstances with local authorities to support the claims. This was agreed with the Ministry for Housing, Communities, and Local Government (MHCLG) and the Devolved Administrations in the early days of live service.

This results in a higher volume of change of circumstance notifications being issued to local authorities than they received for legacy benefits due to the nature of Universal Credit assessment periods. The Scottish Government prescribes how the scheme operates in Scotland and provides funding for the scheme and the Department for Work and Pensions (DWP) would not cover these under new burdens.

Housing Benefit Administration Subsidy is a contribution towards the costs incurred by local authorities for delivering Housing Benefit and Local Council Tax Reduction, the quantum is not determined by demand. When introduced in 1983 it covered 100 per cent of the cost of delivery.

In 1989/90 the level of funding reduced to 60 per cent with a corresponding adjustment being made to the Revenue Support Grant paid by MHCLG. Yearly efficiency reductions of 5 per cent that the DWP has applied have been passed onto local authorities through its own settlement efficiencies.

Funding for administering Local Council Tax Reduction is devolved to the Scottish Government. Edinburgh council will receive around an 18 per cent reduction in their Housing Benefit Administration Subsidy grant from 2020/21 compared to 2017/18 (prior to full implementation of Universal Credit live service), this is against a forecast reduction (for 2020/21) of 28 per cent.

The long-term plan is to move to a work-led allocation model when Housing Benefit caseload volumes stabilise after Universal Credit migration has

completed. The Department is also looking at the next stage of the Housing Benefit cost model refresh work to inform the 2021/22 position.

The Government has ended the benefit freeze and from April Local Housing Allowance rates (LHA) will be uprated by Consumer Prices Index alongside wider benefit uprating. The increase will mean the majority of people in receipt of housing support in the Private Rented Sector will see their housing support increase on average by around £10 per month.

LHA rates are not intended to meet rents in all areas, but to help people on benefits and low incomes with the cost of renting accommodation. It has never been the case that housing support would always seek to cover the full cost of the rent in all circumstances. Housing support claimants have to make the same decisions about where to live as people not in receipt of benefit.

Since April 2017 Discretionary Housing Payments (DHPs) have been devolved to Scotland. The Scottish Government is responsible for informing Scottish local authorities of their individual allocations and establishing its own DHP scheme.

The Department does recognise the challenges for local authorities in the transition to Universal Credit, some of which it can support and improve on such as data sharing. Others are linked to policy and other government departments schemes that should consider how best to operate in the face of how Universal Credit is different to legacy benefits.

The overall funding provided to Edinburgh is consistent with the national levels and takes account of changes to methodologies. In considering your overall funding position, you should consider including Local Council Tax Reduction, New Burdens and specific funding streams such as Verify Earnings and Pensions across a consistent period.

I hope this information provides more clarification of volumes, policy and methodology changes that have impacted your authority and local authorities more generally.

Kind regards,

Will Quince MP

Minister for Welfare Delivery

