

Corporate Policy and Strategy Committee

10.00am, Tuesday, 6 August 2013

Welfare Reform – further update

Item number	7.1
Report number	
Wards	All

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Executive summary

Welfare Reform – further update

Summary

This report continues the series of bi-monthly updates on Welfare Reform and on the progress being made by the Council and partners to develop arrangements to mitigate, where possible, the negative impact of the UK Government's welfare reforms on people in low income jobs and out of work.

In May the Scottish Government published information on the overall spend on Community Care Grants and Crisis Grants for all Local Authorities for the first month of the new Scottish Welfare Fund.

Also, discussions are underway with Procurement about the Scotland Excel contract for the provision of the Scottish Welfare Fund to potentially take over from our current arrangements with Bethany Christian Trust.

The new regulations for people receiving Housing Support who are considered to be "under-occupying" their home were applied from 1 April 2013. The Council has taken various steps to advise people affected by these changes. Discretionary Housing Payments (DHP) provide short term emergency funding to tenants receiving Housing Benefit and this fund is being used to support the most vulnerable citizens.

The DHP policy document was approved at the Corporate Policy and Strategy Committee on 14 May 2013.

Lord Freud, Minister for Welfare Reform, wrote to all Local Authority Chief Executives on 20 June 2013 advising that the inappropriate re-designation of bedrooms by a local authority in relation to the under-occupation regulations brought in from 1 April 2013 could lead to restriction or non-payment of the Housing Benefit Subsidy to that Local Authority.

Preparations are underway to set up a joint working group to monitor the implementation and impact of various changes and to contribute to consideration of further measures to support tenants.

Initial discussions with Registered Social Landlords indicate that they are unlikely to follow the Council's initiative on not evicting tenants for non-payment of rent due to the under-occupancy regulations. This will be explored further within the joint working group.

The Welfare Reform Strategic Planning Group continues to meet monthly, bringing together Council and stakeholders from advice services and third sector to provide a co-ordinated response to manage and mitigate the negative effects of Welfare Reform.

Recommendations

It is recommended that the Corporate Policy and Strategy Committee:

1. notes the continuing progress on assessing the impact of welfare reforms and actions for developing partial mitigation strategies;
2. agrees to refer reports on continuing financial pressures and associated risks arising out of implementation of Welfare Reform to the Finance and Budget Committee; and
3. notes the next progress update report will be 1 October 2013.

Measures of success

The success of the programme to mitigate the effects of Welfare Reform will continue to be measured through:

- reductions in forecast loss of income; and
- customer satisfaction with advice and advocacy services provided relating to benefit changes, including increased benefit take up and minimised losses by ensuring people get their full entitlement under the new arrangements

Financial impact

As reported previously the increasing numbers of people experiencing hardship is expected to lead to increased demand for services in many areas of the Council and partner and advice agencies. There is also a risk to Council income, particularly from rents arrears, changes to subsidy levels for temporary accommodation and service charges. Further work is being undertaken to quantify likely financial impacts and to identify funding sources or budgetary options for the investment required in mitigation measures.

Known risks include:

- loss of rental income to Housing Revenue Account (HRA) arising from Housing Benefit under-occupation reforms and Direct Payment under Universal Credit.
- Scottish Welfare Funds will be insufficient to meet demands from customers.
- DHP budget is insufficient to meet demands due to changes in welfare reform.
- the spend on Council Tax Reduction Scheme exceeds the available funding.
- Reduced DWP Administration Subsidy due to the abolition of Council Tax Benefit.
- Reduced DWP Administration Subsidy due to the phasing out of Housing Benefit.
- An anticipated reduction of expenditure by 20% on current levels by the replacement of Disability Living Allowance by Personal Independence Payments.
- increased demand on advice and advocacy both for the Council and Third sector advice agencies.

Equalities impact

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.

Sustainability impact

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

Consultation and engagement

Ongoing involvement of Council officials continues to take place with the UK and Scottish Governments, directly and through COSLA, with the DWP, the Third Sector, the NHS and other partners, to prepare for welfare reform changes.

Emphasis continues to be on engagement with citizens, both in and out of work, who rely on benefit income and tax credits. The priority is to continue to provide information, advice and support, directly by the Council and in conjunction with independent advice agencies and major partners.

The Council continues to participate in a number of groups with the DWP looking at the impacts of Welfare reform, namely Local Authority Transition Working Group (LATWG), Practitioners Operational Group (POG), as well as COSLA's Welfare Reform Local Authority Representatives Group

Background reading / external references

Recent reports to committee:

[Welfare Reform – further update – Corporate Policy and Strategy Committee, 11 June 2013](#)

[Welfare Reform – further update - Corporate Policy and Strategy Committee, 16 April 2013](#)

[Welfare Reform - Scottish Welfare Fund arrangements – Finance and Budget Committee, 21 March 2013](#)

[Welfare Reform – further update – Corporate Policy and Strategy Committee, 22 January 2013](#)

[Welfare Reform - update – Corporate Policy and Strategy Committee, 4 December 2012](#)

Estimates on the impact of Welfare Reform on claimants in Scotland, Edinburgh and other local authorities:

Scottish Government: *UK Government cuts to welfare expenditure in Scotland*, March 2013; available at: <http://www.scotland.gov.uk/Resource/0041/00417011.pdf>

Scottish Local Government Forum Against Poverty/ Rights Advice Scotland: *People, Councils and the Economy 2nd Edition: An assessment of the impact of proposed changes to the UK Benefits System on people, councils and the economy in Scotland*,

March 2013; available at:

<http://www.scottishpovertyforum.org.uk/PCE2%20March%202013v2.pdf>.

Sheffield Hallam University: *The Impact of Welfare Reform on Scotland*, by Christina Beatty and Steve Fothergill, Centre for Regional Economic and Social Research, April 2013. Report commissioned by the Scottish Parliament Welfare Reform Committee; available at:

http://www.scottish.parliament.uk/S4_Welfare_Reform_Committee/Reports/wrR-13-02w.pdf

The Government Response to the Communities and Local Government Select Committee Report: Implementation of Welfare Reform by Local Authorities

Presented to Parliament by the Secretary of State for Communities and Local Government by Command of Her Majesty June 2013

<https://www.gov.uk/government/publications/government-response-to-the-communities-and-local-government-select-committees-report-implementation-of-welfare-reform-by-local-authorities>

Welfare reform – update

1. Background

- 1.1 The Corporate Policy and Strategy Committee agreed on 22 January 2013 to continue monitoring the Council's actions to mitigate the impact of Welfare Reform and requested further update reports every two months, the last report being made at 11 June 2013 meeting.

2. Main report

- 2.1 The Council continues to actively engage with the Scottish Government and other national and local organisations to develop an effective co-ordinated approach to mitigate the negative impacts of welfare reform. Progress on issues is reviewed below.

3. Mitigation Actions

- 3.1 **Advice Services in Edinburgh** – The Scottish Legal Aid Board has been asked by the Scottish Government and the Money Advice Service (MAS) to run a new funding programme. The programme will focus on improving access to advice for people in Scotland with a view to promoting achievement of particular priority outcomes and is in addition to the current grant funding programme. The Scottish Government and MAS have agreed that the Board will focus on specific priorities for funding, and there were three main funding streams under which applications were invited:

- **Stream 1 – community-wide advice. Open for applications 14 May to 23 June 2013**

Stream 1 of the programme is designed to focus funding on projects that could provide advice, information and representation for people across a geographic area, with a focus on help to resolve benefit and complex debt problems and to provide targeted assistance to help people successfully make the transition to the new benefits system.

Applications under Stream 1 were welcomed from organisations well placed to directly deliver the advice provision within the project remit; including local authority advice providers, third sector organisations, and law centres. Partnership applications were particularly welcomed which encourage and embed co-ordinated provision of advice and where organisations play to their respective strengths.

There is a suggested maximum grant of around £200,000 for an 18-month period although higher awards will be considered, particularly for nation-wide

projects. There is a maximum of around **£3.95million** available under Stream 1.

- **Stream 2 – helping tenants of social landlords. Open for applications 14 May to 23 June 2013**

Stream 2 of the programme focuses specifically on **advice for tenants of social landlords**. Project proposals should aim to provide advice, information and/or representation for social tenants dealing with the impact of changes to the benefit system, particularly those changes which are likely to impact on their ability to manage their housing costs or to sustain their tenancies.

Under Stream 2, proposals **must** be led by social landlords, either as the organisation delivering the project, or as the lead organisation in partnership with an advice provider. Partnership applications are particularly welcomed, including partnership projects which would deliver help to tenants of more than one social landlord.

There is a suggested maximum grant of around £150,000 for an 18-month period although higher awards will be considered in some cases, e.g. for projects with national or broad geographic coverage. There is a maximum of **£2.5million** available for projects under Stream 2.

- **Stream 3 – thematic stream. Open for applications 14 May to 16 June 2013**

Stream 3 aims to **tackle barriers in accessing advice or to test new ways of resolving problems** related to debt, financial management and social welfare law for specific groups of people.

- 3.2 The Board has approved funding at an upper limit of expenditure of £7.45million by way of grants in the period to the end of March 2015 for this new programme, made up of £5.1million available from Scottish Government and £2.35million available from MAS.
- 3.3 A joint bid for stream 1 has been submitted by The Advice Shop, Citizens Advice Edinburgh, CHAI, Granton Information Centre and Cyrenians Homelessness Prevention Service.
- 3.4 A joint bid for stream 2 has been submitted by the Council and EdIndex partners to establish a dedicated team to assist current social housing tenants who are affected by the new under occupancy legislation. The focus of the team will be to help reduce levels of under occupation and overcrowding through in depth housing options advice and to identify long term solutions for those who have been awarded short term DHP.
- 3.5 A further bid for stream 2 has been submitted by Prospect Community Housing, CHAI, CEC South West Neighbourhood Office and Cyrenians Homeless Prevention Project.

- 3.6 A Joint bid for stream 3 has been submitted by McMillan Cancer Support and The Advice Shop.
4. **Benefits cap**
- 4.1 This is a measure introduced by the Government which places a maximum amount that a claimant can receive in total from State Benefits, Tax Credits and Housing Benefit. The limit is £350 per week for a single person and £500 per week for a married couple or single parent.
- 4.2 The UK Government introduced the cap on a pilot basis in four London Boroughs from 15 April 2013. The national implementation will now be managed over a 10 week period split into two tranches:
- Tranche 1 will include all local authorities with 275 or less households to be capped and the capping will commence from 15 July 2013; and
 - Tranche 2 will include all local authorities with 276 or more households to be capped. In Scotland, this will be Edinburgh and Glasgow only. Clearance of Tranche 1 will inform the precise start date though this is likely to commence week beginning 12 August 2013 with an anticipated completion date of 30 September 2013.
- 4.3 Reports are being prepared to advise Services for Communities, Local Registered Social Landlords, Private Landlords and Children and Families of the households affected.
- 4.4 Discussions on a communication plan are underway.
5. **Scottish Welfare Fund (SWF)**
- 5.1 Information on the Scottish Welfare Fund was provided to Committee on 11 June 2013. At the end of May 2013 a total £99,676 has been awarded for Community Care Grants against an estimated monthly budget of £119,088. Expenditure on Crisis Grants was £18,309 against an estimated monthly budget of £63,157. These figures are well within the budgeted spend for a full month.
- 5.2 As both the Community Care Grant and the Crisis Grant were well within budget for April 2013 it was decided on 13 May 2013 to consider awards at the medium and high priority levels.
- 5.3 As the level of Crisis Grants remained well within budget for May 2013, awards are now also considered at the low priority level. If the Community Care Grant continues to remain in budget this too may be considered at the low priority level.
- 5.4 The target for assessing applications for Community Care Grants is 15 working days. Applications are continuing to be assessed within 5 working days.
- 5.5 The target for assessing applications for Crisis Grants is 2 working days. Applications are continuing to be assessed, c. 90% on the day the customer telephones to make their claim, with the remainder being dealt with within 2 working days.

- 5.6 To date there have been 3 Community Care Grant 2nd tier review panel meetings; 2 were upheld in favour of the Council and 1 in favour of the appellant. A further 2 meetings were scheduled in June 2013.
- 5.7 To date there has been 1 Crisis Grant 2nd tier review panel meeting, this was upheld in favour of the Council.
- 5.8 The current arrangement with Bethany Christian Trust for the supply of furniture and white goods continues to work very well. Bethany continues to contact customers within 2 days of receiving confirmation from the Scottish Welfare Fund Team regarding the goods for which the customer qualifies. The feedback from customers continues to be positive.
- 5.9 A meeting is being arranged with Scotland Excel and the Council's procurement team to discuss the recent awarding of a national supplier for furniture and white goods. An update will be provided in the next progress report.
- 5.10 The Scottish Government provided details of the awards of Community Care Grants and Crisis Grants for all Scottish Local Authorities up to 30 April 2013, as detailed below:

OVERALL SPEND - CCG & CG combined from April 2013

Local Authority	CCG & CG total	CCG & CG total	CCG & CG total	CCG & CG total	CCG & CG total	CCG & CG total
	Annual Budget £	Monthly Budget £	April 2013 Actual Spend £	May 2013 Actual Spend £	May 2013 Actual Spend as a % of Monthly Budget	YTD Actual Spend as a % of Annual Budget
Aberdeen City	899,841	74,986	15,764	25,883	35	5
Aberdeenshire	464,735	38,727	7,097	10,957	28	4
Angus	419,071	34,922	30,907	32,506	93	15
Argyll & Bute	372,760	31,063	9,084	41,419	133	14
Clackmannanshire	360,392	30,032	13,393	12,687	42	7
Dumfries & Galloway	623,237	51,936	13,113	73,045	141	14
Dundee City	1,336,637	111,387	34,856	75,664	68	8
East Ayrshire	925,502	77,125	31,071	75,110	97	11
East Dunbartonshire	336,815	28,071	15,826	9,888	35	8
East Lothian	390,238	32,520	8,880	11,795	36	5
East Renfrewshire	257,919	21,493	3,104	8,270	38	4
Edinburgh, City of	2,187,628	182,303	80,587	122,349	67	9
EileanSiar	47,963	3,995	1,591	3,197	80	10
Falkirk	927,822	77,319	13,843	22,330	29	4
Fife	1,859,993	154,999	58,261	61,871	39	6
Glasgow City	7,721,116	643,427	155,065	182,932	28	4
Highland	800,673	66,722	10,324	14,426	22	3
Inverclyde	732,537	61,044	26,913	30,923	51	8
Midlothian	385,338	32,112	11,365	11,006	33	6
Moray	387,117	32,262	29,652	22,975	71	14
North Ayrshire	1,068,524	89,044	39,733	41,112	46	8
North Lanarkshire	2,956,014	246,334	29,612	58,407	23	3
Orkney Islands	56,320	4,693	182	7,918	169	14
Perth & Kinross	592,924	49,410	10,777	18,467	37	5
Renfrewshire	1,148,857	95,737	43,137	67,030	70	10

Scottish Borders	406,547	33,879	12,929	22,377	66	9
Shetland Islands	59,492	4,958	1,958	409	8	4
South Ayrshire	712,905	59,408	17,575	26,493	45	6
South Lanarkshire	2,143,781	178,648	91,272	64,321	36	7
Stirling	516,564	43,047	7,615	18,900	44	5
West Dunbartonshire	829,587	69,132	34,954	60,016	86	11
West Lothian	1,066,391	88,865	27,528	55,960	63	8
Scotland Total	32,995,240	2,749,600	887,968	1,290,643	47	7

6. Welfare Reform Issues affecting Council Tenants and Housing Services

- 6.1 **Council Tenants and Housing Services** – Monitoring the impact of Welfare Reform on tenants shows that at the end of May 2013 there were 3,566 (18%) Council tenants affected by the Social Sector Size Criteria or Under Occupation regulations.
- 6.2 This equates to 3,146 tenants (88%) having a 14% reduction and 420 tenants (12%) having a 25% reduction in Housing Benefit.
- 6.3 Prior to the 1 April 2013 which was the implementation date for Under Occupation, 969 (27%) of affected tenants were in arrears; by the end of May and this had increased to 2561 (72%), the remaining 1005 (28%) are managing to pay their rent in full.
- 6.4 The changes have had a significant impact on rental income and it is estimated that in the eight weeks following the 1 April 2013, around £390,000 (69%) of the £560,000 of rent due, has not been collected following the introduction of the under occupancy rules.
- 6.5 The focus for staff remains to assist those tenants who are having difficulty managing to pay their rent and to ensure they continue to receive advice and information to help them make an informed choice on what is the best option for their household.
- 6.6 The next step is to focus on preparing for the introduction of Universal Credit and the impact that direct payment of benefit will have for tenants and the Council. Planning for the implementation of Universal Credit will include changes to the rent services and operational systems to manage monthly direct payments that minimise the impact on income collection. Work will also look to achieve a shift in payment culture to move more tenants on to secure payment methods and work to ensure that tenants can access suitable financial products and services.
- 6.7 **Under-Occupation Regulations** – the Committee previously agreed to set up a Welfare Reform Working Group to include elected members, representatives from Corporate and Transactional Services, Services for Communities, RSL's and tenants representatives. The role of the working group is to monitor the implementation and impact of various benefits changes and to contribute to consideration of further measures to support tenants.
- 6.8 A draft remit for the group has been drawn up which is due to be sent to members of the coalition for approval before inviting others and establishing the first groupmeeting.

- 6.9 Early indications from RSL's indicate that they are unlikely to adopt a similar policy to the Council with respect to evictions related to under occupancy. Due to the length of time it will take for arrears to build up as a direct result of the reduced amount of Housing benefit payable it will be some time before it will be known if this is having any impact on the Council's homeless service.
- 6.10 Appendix 1 is a letter from Lord Freud to all Chief Executives dated 20 June 2013 which highlights the DWP's concerns about the possible inappropriate redesignation of properties in relation to the under-occupancy regulations. The letter makes it clear that Local Authorities could see a significant reduction in the amount of Housing Benefit subsidy paid where it is deemed that there has been inappropriate redesignation of properties. The Corporate Policy and Strategy Committee on 16 April 2013 requested a report on the redesignation of bedrooms. This will be presented at the Health, Wellbeing and Housing Committee on 10 September 2013.
- 6.11 Further updates on any impact will be given to Committee in the future.
- 6.12 **Discretionary Housing Payments (DHP)** - Information on DHP was provided in the previous report to Committee on 11 June 2013. A team of 4 dedicated officers was set up on 1 April 2013. This team was increased by a further 3 from 24 June 2013 and this will be reviewed as the outstanding requests reduce.
- 6.13 There are currently around 10-20 new requests being received daily.
- 6.14 The DHP budget for 2013/14 is £1,347,299. As at 21 June 2013 there has been a total DHP spend of £156,850 with a committed spend of £331,750 to 31 March 2014. A total DHP of £858,698 remains unallocated.
- 6.15 As at close of business on 5 June 2013, there have been a total of 1134 DHP claims assessed, 831 ongoing awards, 19 one-off payments and 284 refusals. The majority of claims that are refused are due to the claimant having sufficient income. This equates to 75% of applications receiving an award, a rate that is markedly higher than the Scottish average of 44%.
- 6.16 A total of £66,148 has been paid to Council tenants and £25,863 has been paid to RSL tenants in relation to under occupancy.

7. **Temporary and Supported Accommodation**

- 7.1 The current subsidy arrangements for temporary accommodation owned by the Council will remain as long as the claimant is in receipt of Housing Benefit. This means that the current charges will be fully covered by Housing Benefit subject to the Benefits Cap as well as the under-occupancy regulations.
- 7.2 The payment arrangements will change once these cases transfer to Universal Credit. Details of how exactly this will operate are not yet clear.

8. **Welfare Reforms affecting Disabled People**

- 8.1 As previously reported to Committee on 11 June, there have been two main reforms:

- the ongoing replacement of **Incapacity Benefit** and related benefits by **Employment and Support Allowance (ESA)**, with more stringent medical tests, greater conditionality and time-limiting of non-means tested entitlement for all but the most severely ill or disabled: the DWP intends to complete this process by 2014; and
 - the phased replacement of **Disability Living Allowance (DLA)** by **Personal Independence Payments (PIP)**, including more stringent and frequent medical tests, as the basis for financial support to help offset the additional costs faced by individuals with disabilities.
- 8.2 Since June 2013, the DWP through the Advice Shop has been providing Introduction to PIP presentations and answering related questions.
- 8.3 From 10 June 2013, DWP will no longer accept new claims for DLA from anyone aged 16-64, unless they are making a renewal claim from a fixed term DLA award which is due to expire before the end of February 2014. New claims will be for PIP.
- 8.4 From 7 October 2013, existing recipients of DLA will begin to be transferred to PIP and from October 2015 all the remaining claimants in receipt of a DLA award will be invited to make a claim for PIP. DWP will randomly select those recipients of DLA in receipt of an indefinite award or a fixed term award, and notify them about what they need to do to claim PIP. They will invite claims as early as possible from recipients who have turned 65 after 8 April 2013, when PIP was first introduced. The intention is that this process will be completed by October 2017.
- 8.5 The new benefit is expected to bring an anticipated reduction of expenditure by 20% on current levels.
- 8.6 An anticipated 55% of current DLA recipients will receive reduced benefit or will be refused PIP when the reassessment takes place.
- 8.7 The new benefit has a three stage claim process and a two stage appeal process, compared with the current one stage for each.
- 8.8 There will be no automatic re-assessment for PIP. If people in receipt of DLA are invited to claim PIP and do not do so, their DLA award will be stopped, new claims will have to be lodged and most people will have to go through the new medical assessment before a decision is made.
- 8.9 Using Government figures, the Council's Welfare Rights Service has estimated that by October 2015 an estimated 4,000 DLA recipients will have been reassessed and DWP projections suggest:
- 27% will get a higher rate of benefit than before
 - 14% will see no change
 - 59% will be awarded less benefit or will be refused benefit

- 8.10 By May 2018 the reduction in income for disabled people in Edinburgh is estimated at over £19million per annum (based in current 2013/2014 benefit rates).
- 8.11 The replacement of DLA by PIP will place significant additional demands on Advice Services for assistance with
- the initial and subsequent claim processes;
 - advice and support in attending medical assessments;
 - the new mandatory reconsideration process;
 - assistance with lodging appeals, representation at appeals and appeals to the Upper Tribunal; and
 - increased levels of debt.
- 8.12 Social care and housing staff are also likely to face increased demand, and it is likely that General Practitioners and other Health Professionals will be asked for additional supporting evidences.
- 8.13 With reduced incomes many people with disabilities will find it increasingly difficult to sustain themselves in the community and may present further demands on services.
- 8.14 There is significant increasing demand for benefits maximisation, advice and advocacy, both for Third Sector agencies and for the Council's advice services and this will likely escalate as Welfare Reform progresses. It is likely that the Council's contact centre will also experience increasing demand from people with benefits queries or without funds, in addition to pressure on social work, housing and homelessness.
- 8.15 There has been considerable funding invested in advice services in Edinburgh.
- 8.16 The Council's Budget meeting agreed on 7 February 2013 to additional funding of £250,000 for welfare benefits advice and advocacy services and £100,000 for income maximisation, to help meet the increasing demand on Third Sector agencies and the Council's own Advice Services due to Welfare Reform.
- 8.17 The Council has re-focussed Social Justice Fund allocations to voluntary organisations in 2013/14 to give greater priority to access to employment and income maximisation within the total funding of £324,635.
- 8.18 The Corporate Policy and Strategy Committee on 26 February 2013 agreed to additional grant funding of £67,000 shared equally between the following three Welfare Rights advice projects
- Welfare Rights and Health Project
 - CHAI Advice Service
 - Granton Information Centre

9 Council Tax reduction Scheme (CTRS)

- 9.1 Information on the CTRS was provided in the previous report to Committee on 16 April 2013. The total fund for 2013/14 is £29,121,000 and the projected annual spend as at 31 May 2013 was £28,178,342 (CTRS is paid to the end of the financial year).
- 9.2 The current system which mirrors the old Council Tax Benefit Scheme is in place for 2013/14. There will be further discussions as part of the Ministerial deliberation on the 2014/15 Local Government Settlement as a whole. The position should become clearer as these discussions conclude over the summer.
- 9.3 COSLA has been analysing information on 2012/13 subsidy from Councils to verify DWP estimates, and will continue to work with Scottish Government and Councils to monitor the funding position during 2013/14.

10. **Universal Credit (UC)**

- 10.1 An update was given to committee on 11 June 2013. The pilot in the North West of England, which began on 15 April 2013 in one local authority, is continuing. The other 3 local authorities are due to go live in July 2013. The national roll-out is expected to start on 28 October 2013. Implementation will be strictly controlled and volumes are likely to be very small initially.
- 10.2 A detailed timetable is still awaited for the roll-out of Universal Credit and we do not yet know when claimants in Edinburgh will be affected; however significant numbers are unlikely to be affected until February/March 2014. A fuller report on Universal Credit will be provided when a timetable is received from the DWP.
- 10.3 Scottish councils have been willing to engage with DWP on how they can support people as UC is introduced. It is very clear that this requires a serious commitment by DWP in terms of the level of resources made available, the role councils along with their partners play and the extent to which this can fit with the Council's priorities in terms of how communities are supported. Work is ongoing with the Scottish Government, COSLA, and other partners.

11. **Pension Credit**

- 11.1 There is no update from the Pensions Service about the roll-out of Pension Credit. However, it is likely to start in October 2015.

12. **Direct Payment Demonstration Project (DPDP)**

- 12.1 The Direct Payment Demonstration Project with Dunedin Canmore Housing Association was due to finish at the end of June 2013. However, it has been agreed with DWP that it will be extended for a further 6 months in order to test further engagement, communication, rent collection and support mechanisms, to monitor the effect of Under Occupation and prepare for Universal Credit.
- 12.2 The extension allows Dunedin Canmore to:
- revert to an 8 week switch back arrangement to compare and test the implications of lengthier engagement processes;
 - adjust some support and engagement practices;

- test new communication practices; and
 - provide case studies or thematic assessments of specific scenarios.
- 12.3 IPSOS/MORI will undertake a further and more detailed survey of tenants involved as well as review the reasons for non engagement or non payment amongst certain categories of tenants.
- 12.4 The Council have agreed to continue their involvement in DPDP extension and are open to the learning experience.
- 12.5 Dunedin Canmore and the Council continue to work closely with the DWP to assess the full impact and consequences of the DPDP.
13. **Welfare Reform Strategic Planning Group**
- 13.1 The group continues to meet monthly to strategically plan to mitigate the possible negative effects of Welfare Reform.
- 13.2 The Welfare Reform Manager continues to attend DWP Working Groups on Welfare Reform in general and Universal Credit in particular. He also attends meetings with COSLA and Scottish Government on Welfare Reform issues.
- 13.3 The Welfare Reform Manager has presented updates on the Scottish Welfare Fund to all political groups on the Council and is happy to offer further updates on any aspect of Welfare Reform as needed or requested.

3. Recommendations

3. It is recommended that the Corporate Policy and Strategy Committee:
- 3.1.1 notes the continuing progress on assessing the impact of welfare reforms and actions for developing partial mitigation strategies;
 - 3.1.2 agrees to refer reports on continuing financial pressure and associated risks arising out of implementation of Welfare Reform to the Finance and Budget Committee; and
 - 3.1.3 notes the next progress update report will be 1 October 2013.

Alastair D Maclean

Director of Corporate Governance

Links

Coalition pledges

Council outcomes

Single Outcome Agreement

SO2 - Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health

Appendix

Appendix 1 - Letter from Lord Freud, Minister for Welfare Reform

Appendix 1: Letter from Lord Freud



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for Work &
Pensions

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20 June 2013

Local Authority Chief Executives

Re-designation of properties and the removal of the Spare Room Subsidy

As you may be aware there have been a number of reported cases of local authorities re-designating their properties, without reducing the rent to reflect the loss of a bedroom. Such action could lead to incorrect Housing Benefit subsidy claims being submitted to my Department at the end of the financial year.

In principle my Department has no objections to re-designating properties where there is good cause to do so, for example where a property is significantly adapted to cater for a disabled persons needs. However, we would expect the designation of a property to be consistent for both Housing Benefit and rent purposes. Blanket redesignations without a clear and justifiable reason, and without reductions in rent, are inappropriate and do not fall within the spirit of the policy.

Between 2000 and 2010 expenditure had doubled in cash terms, reaching £21 billion. Unreformed, by 2014-15 Housing Benefit would cost over £25 billion. By removing the Spare Room Subsidy £500 million a year can be saved through greater efficiency and better use of social housing stock. It is therefore vital that local authorities adhere to their statutory responsibility to implement this policy on behalf of the Department.

I would like to stress that if it is shown properties are being re-designated inappropriately this will be viewed very seriously. If the Department has cause to believe this is the case we will commission an independent audit to ascertain whether

correct and appropriate procedures have been followed. I wish to state clearly that these audits would be separate from the subsidy audits already undertaken, which carry out sample checks on the assessment of Housing Benefit.

Where it is found that a local authority has re-designated properties without reasonable grounds and without reducing rents, my Department would consider either restricting or not paying their Housing Benefit subsidy.

*Yours sincerely,
David*

Lord Freud
Minister for Welfare Reform