

Finance and Resources Committee

10.00am, Thursday 30 October 2014

Welfare Reform - Update

Item number 7.13
Report number
Executive/routine
Wards All

Executive summary

Edinburgh has been allocated an additional £687k to mitigate Under Occupancy in 2014/15. This has increased the Council's Discretionary Housing Payment fund to £4.52m for 2014/15. At the end of August the Council has already committed to spend 93% of this increased budget. The remaining £3m of additional Scottish Government DHP funding will be distributed to councils based on actual DHP expenditure in May 2015. It is anticipated that the Council will require to access this further funding.

For August 2014 the Scottish Welfare Fund spend for Crisis Grants was 43% of the total budget and 31% for Community Care Grants.

For August 2014 the annual projection for the Council Tax reduction Scheme was 96% of the fund. This fund will continue to be monitored monthly.

Recent figures show that the number of tenants affected by Under Occupancy who are in arrears has reduced from a high of 2,602 to 1,473.

The Council and the DWP are developing a programme of work to support customers prepare for Universal Credit. The initial phase of Universal Credit for a specific claimant group is scheduled to rollout from February 2015, with Edinburgh's go live date still to be confirmed.

Links

Coalition pledges

Council outcomes

Single Outcome Agreement [SO2](#)

Welfare Reform – Update

Recommendations

- 1.1 It is recommended that the Finance and Resources Committee notes:
 - 1.1.1 the ongoing actions relating to Welfare Reform; and
 - 1.1.2 the change to the reporting cycle from bi-monthly to quarterly.

Background

- 2.1 The Corporate Policy and Strategy Committee recommended on 6 August 2013 to refer bi-monthly updates on Welfare Reform to the Finance and Resources Committee. The last update was considered on 28 August 2014.
- 2.2 Following discussions with relevant Councillors it has now been agreed to report the Welfare Reform update on a quarterly basis, to align with the Member/Officer Working Group meeting cycle.

Main report

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

- 3.1 The SWF budget for 2014/15 is £2,187,628 plus £395,000 carried forward from 2013/14. A total of £455,000 has been allocated to the Crisis Grant fund and £2,127,628 to the Community Care Grant.
- 3.2 The Crisis Grant fund for 2014/15 is:
 - £455,000
 - £194,982 spent at 31 August 2014 (43% of the total fund)
- 3.3 The Community Care Grant fund for 2014/15 is:
 - £2,127,628
 - £659,230 spent at 31 August 2014 (31% of the total fund)
- 3.4 The 2014/15 spend profile for each fund is included in Appendix 1. Indicative figures for September 2014 show that 96% of the monthly budget for Crisis Grants was distributed. Previous experience highlights an increased demand for these funds over the winter months and spend levels will continue to be closely monitored.
- 3.6 The SWF team receive approximately 100 calls a day and to assist the administration process a new automated telephone service is being trialled. The

purpose of the trial is to divert calls appropriately within the team to make the best use of available resources. The outcome of the trial will be reported in future updates.

Discretionary Housing Payments (DHP)

- 3.7 In May 2014 the Scottish Government announced that an additional £15m would be allocated to Local Authorities to supplement DHP budgets and fully mitigate the effects of Under Occupancy for 2014/15.
- 3.8 The Scottish Government has now confirmed that £12m of the additional £15m will now be made available to mitigate Under Occupancy. Edinburgh has been allocated an additional £687,102 and this increased the Council's current DHP fund for 2014/15 to £4.52m.
- 3.9 The remaining £3m of Scottish Government funding will be distributed to councils based on actual DHP expenditure following the publication of the 2014/15 DHP statistics in May 2015.
- 3.10 Edinburgh's projected DHP spend for 2014/15 is estimated at around £4.75m. Therefore a proportion of the remaining £3m will be required to cover Edinburgh's DHP expenditure. The Council will continue to monitor DHP spend on a monthly basis and an appropriate claim will be made to the Scottish Government.
- 3.11 Council officers estimate that a further £1.8m would be required to fully mitigate Under Occupancy for 2013/14. There are currently no funds available to address this type of backdating. This issue was considered by the Corporate Policy and Strategy Committee on 30 September 2014 and it was agreed that the Council would seek an official response from the Scottish Government about funding to cover Under Occupancy in 2013/4. This clarification is currently being sought, along with confirmation of DHP budgets for 2015/16. Funding information for 2015/6 will allow Council officers to review and update the DHP policy, as appropriate.
- 3.12 At 31 August the Council's DHP 2014/15 financial position is:
 - £4,519,902 total fund
 - £1,914,451 spend (42% of fund)
 - £2,328,158 committed to 31 March 2015 (a further 51% of the fund)
- 3.13 In overall terms the Council has already committed to spend 93% of the allocated budget. Appendix 3 outlines the Council's DHP spend profile at 31 August 2014.
- 3.14 The DHP telephone campaign to contact tenants who are Under Occupying has successfully engaged with and awarded payments for 541 tenants. The next step is to write to the 531 tenants who could not be reached by telephone. At this

time 10 tenants refused DHP assistance and further contact and advice is being offered.

Council Tax Reduction Scheme (CTRS)

- 3.15 The DWP has confirmed that it will continue with the CTRS funding arrangement in place for 2014/15. This reflects the evolving nature of CTRS and the timescales associated with the implementation and migration of Housing Benefit to Universal Credit.
- 3.16 The demand on the 2014/15 budget continues to be monitored in line with changes to customers' circumstances. At August 2014 the annual projection for the fund was 96% and remains within monitoring tolerances.

Council Tenants and Housing Services – Under Occupation (UO)

- 3.17 Housing Benefit Under Occupation restrictions resulted in a significant number of tenants with previously up to date rent accounts falling into arrears in 2013/14. The advice and support provided by staff in Neighbourhood Offices and the Welfare Reform Team is proving effective and by the end of July 2014 the number of affected tenants in arrears had reduced to 1,473 from a high of 2,602 in August 2013. It should also be noted that 969 affected tenants already had some level of arrears prior to the changes being implemented

Single Fraud Investigation Service (SFIS)

- 3.18 The Council's Housing Benefit Fraud function will transfer to SFIS on 1 November 2014. Regular meetings between the DWP and the Council have taken place to ensure staff are properly supported during the transition to the new service. This matter is considered in more detail in the complimentary report on the Finance and Resources agenda for 30 October 2014.

Universal Credit (UC) Roll Out Plans and Housing Benefit Admin Subsidy

- 3.19 The DWP wrote to the Council on 29 September 2014 to advise that Universal Credit will be rolled out to all Jobcentres and Local Authorities in 2015/16. This phased activity will commence in February 2015 and will apply only to new single claimants that were previously eligible for Jobseekers Allowance, but will now access Universal Credit. At this time there is no specific date for Edinburgh, however, a rollout date in March or April 2015 is a possibility. The Scottish Government has expressed concerns about an accelerated rollout in Scotland in advance of the Smith Commission reporting and CoSLA continues to engage the DWP on the planning timescales.
- 3.20 The Council's Strategic Response to Welfare Reform outlines how Universal Credit will be supported across Edinburgh. Council officers are currently quantifying the number of claimants potentially involved, and this, the confirmed

rollout date and related procedures will be reported in the next update to Committee.

- 3.21 As previously reported the Council's benefit administration subsidy grant has been cut by 25 % over the previous three years. During the same period there has been a significant increase in the level of benefit changes undertaken by councils. A recent update from the DWP/LAA Steering Group has advised that while there will be a 1.75% inflation increase for the benefit administration subsidy grant in 2015/16, this will be offset by a 10% funding decrease. This has still to be officially confirmed however Council officers are considering how this efficiency reduction can be implemented.
- 3.22 As Universal Credit is rolled out to wider claimant groups the related processing work will transfer to the DWP and councils' admin subsidy grants will be further reduced and ultimately removed. It should however be noted that the Council will continue to provide benefit related activities, including DHP and CTRS administration, and a wide range of advice and guidance. The Council will be required to resource these activities and funding pressures are anticipated. The Council will continue to engage with CoSLA and the DWP to achieve funding clarity that can then be incorporated in to long term plans.
- 3.23 The Scottish Government and COSLA wrote to the UK Government requesting that the administration grant be protected from further reductions due to the timescales associated with Universal Credit. The Minister for Welfare Reform has confirmed that no adjustment will be made to the 2015/16 funding as a result of Universal Credit migration.

Local Support Services Framework (LSSF)

- 3.24 The Council, DWP and key partners met in September and agreed a development plan to deliver the LSSF pilot as part of an informal trial. This includes:
- a triage service with access to digital and budgeting skills;
 - digital skills support, advice and tutoring service; and
 - personal budgeting support, advice and tutoring service
- 3.25 The Council will continue to support this important work and updates will be reported to Committee on a regular basis.

Welfare Reform Working Group

- 3.26 The Welfare Reform Working Group meets quarterly to monitor the impacts of Welfare Reform on the Council and its service users. The group last met on the 8 September 2014 and considered:
- the Welfare Reform Strategic Plan;
 - a Community Planning Update; and

- planning for Universal Credit
- 3.27 Following discussions with relevant Councillors it has now been agreed to report the Welfare Reform update on a quarterly basis, to align with the Working Group meeting cycle. The next Working Group meeting is scheduled for December 2014. Officers will provide additional reports if there are any matters of particular urgency.

Measures of success

- 4.1 The success of the programme to mitigate the negative financial effects of Welfare Reform will continue to be measured through:
- reductions in forecast loss of income; and
 - customer satisfaction with advice and advocacy services relating to benefit changes, including increased benefit take up and minimises losses by ensuring people get their full entitlement under the new arrangements.

Financial impact

- 5.1 The increase in numbers of people experiencing hardship has led to increased demand for services across the Council and also partner advice agencies.
- 5.2 Welfare Reform will deliver greater claimant autonomy and increase incentives to work. There are however a number of associated risks, particularly in relation to Council income and rent arrears. Known risks include:
- Loss of rental income to the Housing Revenue Account (HRA) arising from Housing Benefit under Occupation reforms and Direct Payment under Universal Credit.
 - Scottish Welfare Fund and Discretionary Housing Payment 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.
- 5.3 The rollout of Universal Credit is being introduced on a phased basis and the initial number of claimants is projected to be relatively small. This phased approach will allow the Council and key stakeholders to review and adjust support activities, as detailed in Edinburgh's Strategic Response to Welfare Reform.

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:
- bimonthly updates were provided to Corporate Policy and Strategy and Finance and Resources Committees, however, these will now be reported on a quarterly basis, to align with the Working Group meeting cycle;
 - annual update to Risk, Governance and Best Value Committee;
 - dedicated teams introduced to provide support and assistance;
 - quarterly meetings with Elected Members, Council Officers and External Partners; and
- 6.2 The Council's Strategic Response to Welfare Reform in Edinburgh also details the comprehensive action plan being implemented to provide advice and support to those on welfare benefits.

Equalities impact

- 7.1 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

- 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.

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 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 Representative Group.

Background reading / external references

Recent reports to committee:

[Welfare Reform – update](#) – Corporate Policy and Strategy Committee, 30 September 2014

[Welfare Reform – update](#) – Finance and Resources Committee, 28 August 2014

[Discretionary Housing Payment Policy](#) – Corporate Policy and Strategy Committee, 5 August 2014

[Welfare Reform – update](#) – Corporate Policy and Strategy Committee, 5 August 2014

[Welfare Reform – update](#) – Finance and Resources Committee, 5 June 2014

[Welfare Reform – update](#) – Corporate Policy and Strategy Committee, 13 May 2014

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Links

Coalition pledges

Council outcomes

Single Outcome Agreement

SO2 – Edinburgh’s citizens experience improved health and wellbeing, with reduced inequalities in health

Appendices

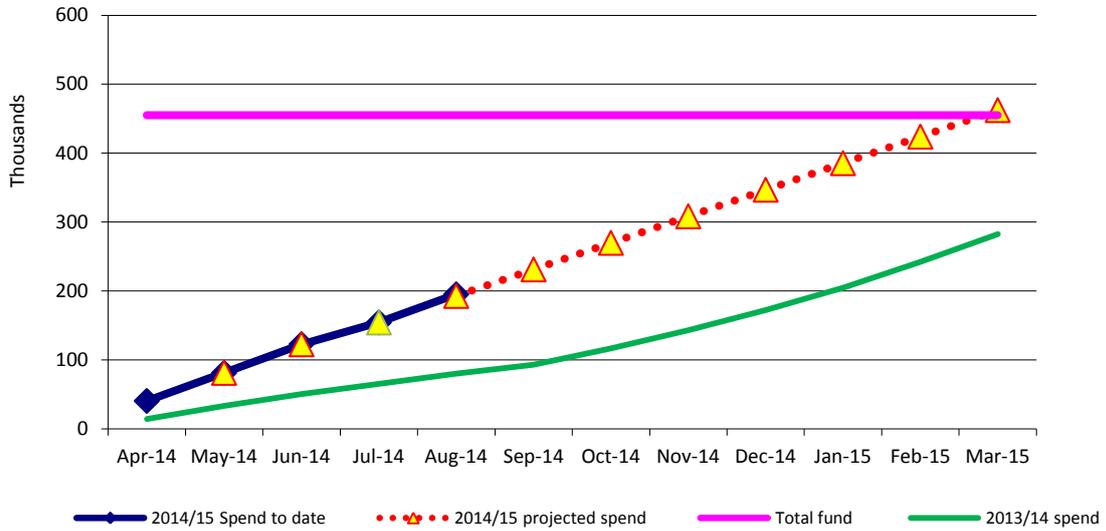
Appendix 1 – The Scottish Welfare Fund Spend

Appendix 2 – Discretionary Housing Payment Spend

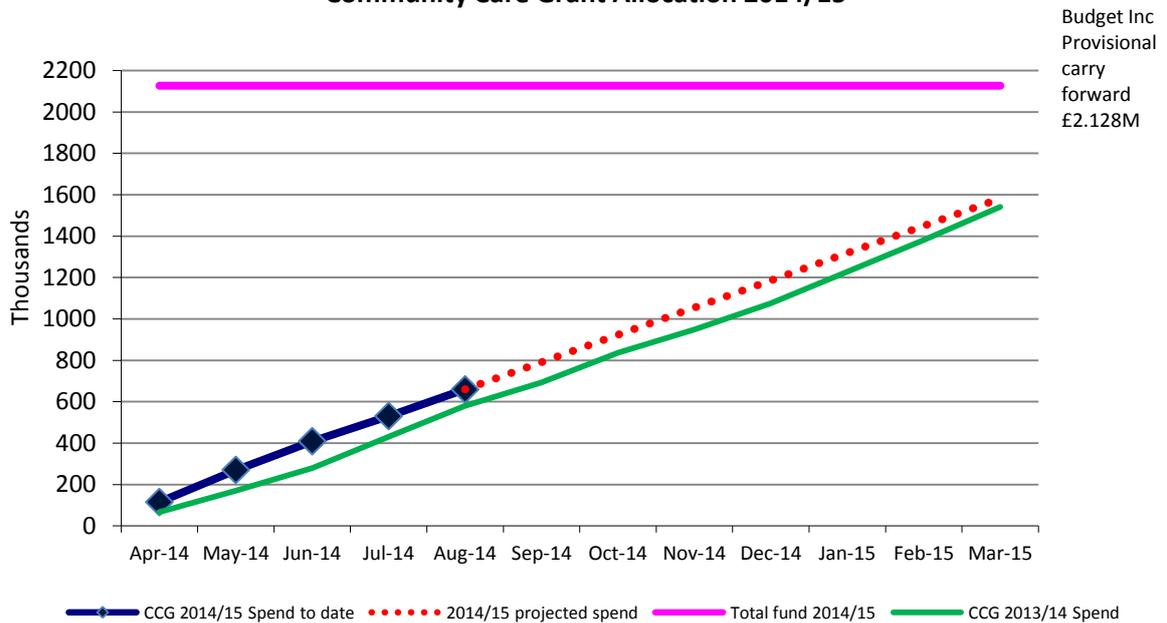
Appendix 1

Scottish Welfare Fund (June 2014)

Crisis Grant Allocation 2014/15



Community Care Grant Allocation 2014/15



Discretionary Housing payment 2014/15

