

# Corporate Policy and Strategy Committee

10.00am, Tuesday 9 August 2016

## Welfare Reform – Update

Item number	7.1
Report number	
Executive/routine	
Wards	

### Executive summary

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The Department for Work and Pensions implemented Universal Credit for new single claimants in Edinburgh on 9 March 2015. The Council is involved in a new Delivery Partnership Agreement (DPA) to support citizens through the transition into Universal Credit for 2016/17.

The Council continues to work with foodbanks to address citizens in need. The working party set up to look at foodbank provision across the City continues to meet, with a view to better supporting those providers who provide holistic services along with emergency food aid.

## Welfare Reform – Update

### 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;
  - 1.1.2 the Welfare Reform Working Group ongoing activities to support benefit take-up and financial inclusion; and
  - 1.1.3 the current spend projections for Discretionary Housing Payments, Council Tax Reduction Scheme; and the Scottish Welfare Fund.

### Background

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- 2.1 The Welfare Reform update is reported to the Corporate Policy and Strategy Committee on a quarterly basis, to align with the Working Group meeting cycle. The last report was considered by Committee on 23 February 2016.

### Main report

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#### **Universal Credit (UC) and Universal Support Delivered Locally**

- 3.1 Universal Credit in Edinburgh is available to new single claimants who would previously have been eligible for Job Seekers Allowance. As part of the ongoing rollout programme the DWP's digital service was extended to Musselburgh Job Centre on 23 March 2016. This extended UC from single claimants to all working age categories seeking work in East Lothian. As a result those Edinburgh claimants, resident in the east of the City, and who use Musselburgh Job Centre, are now included in this pilot.
- 3.2 The corporate cross council operational team continues to work with DWP and JCP staff to support citizens transition to the new UC system. This includes the ongoing negotiations to conclude a further Delivery Partnership Agreement with the DWP for 2016/17.
- 3.3 The DWP has announced that the original plan of expansion of UC has been altered following decisions made in the Summer Budget and Autumn statement. Senior Civil Servants have announced that full digital service will be live by September 2018, as opposed to February 2017 and that migration of legacy benefit caseload will begin in July 2019 with an expectation of full digital service by March 2022. Pensioners will not have housing costs incorporated into

Pension Credit until the completion of the UC timetable. Local Authorities can therefore expect to be delivering Housing Benefit for pensioners beyond 2020. There has been a commitment to reflect these changes in Housing Benefit subsidy for Local Authorities.

### **UC Caseload in Edinburgh**

- 3.4 The DWP now produce UC statistics city-wide, with figures no longer broken down by each area based Job Centre. At 12 May 2016 there were 2546 UC claimants in Edinburgh, with 43% of these claimants in employment.

### **SWF and UC Claims**

- 3.5 In order to assess the impact of Universal Credit waiting and assessment periods on alternative funding streams, separate information is collated on those claimants citing UC as a reason for applying for a Crisis Grant from the Scottish Welfare Fund. Since the introduction of Universal Credit there have been 50 UC related applications for Crisis Grants, representing significantly less than 1% of all UC claims. As at 4 July 2016 the value of these awards is £5,675.
- 3.6 The process of referring citizens in the first instance to DWP for a short term benefit advance continues.

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

- 3.7 The existing Delivery Partnership Agreement between DWP and the Council requires the delivery of a personal budgeting support referral service. This service includes the co-location of the Council's Personal Budgeting Support officer with the DWP. The numbers taking up the service continue to be very low (62 over the last 9 months) and the Council and the DWP are working together to increase take-up to ensure citizens are supported throughout the UC process.

### **Council Housing Services and Universal Credit (UC)**

- 3.8 The number of tenants moving onto UC continues to be lower than expected from initial profiling estimates. At the end of May 2016, there were 410 council tenants receiving UC. The proportion of tenants also affected by under-occupation has remained consistent at around 44%.
- 3.9 The majority of tenants moving onto UC have legacy arrears at the outset of their UC claim. Where there is a high risk of non payment by the tenant, Alternative Payment Arrangements (APA) requests are considered, which enables the housing cost element of UC to be paid directly to the Council.

### **Temporary and Supported Accommodations**

- 3.10 Households in temporary accommodation that are affected by the Benefit Cap and/or Under Occupation, continue to be provided with advice and assistance to apply for Discretionary Housing Payments. Households are placed in temporary accommodation that reduces the likelihood of under occupancy, however on occasion they may be placed in a larger property to meet their emergency

housing need. There are currently 36 out of 420 households who are under occupying in temporary accommodation.

- 3.11 It is anticipated that new DWP capping levels will be applied later this financial year. Currently there are 53 household occupying temporary accommodation that are subject to benefit capping. In May 2016 DWP carried out an exercise to determine additional citizens who could be impacted by Benefit Cap. A total of 434 households living in temporary accommodation were identified as being subject to benefit capping when the new rates are introduced. The Council will continue to monitor this position.

### Advice Shop

- 3.12 On 17 May 2016 Committee requested an update on the proposed review of Advice Services. The review is currently being scoped and this work should be completed by July 2016. An update on progress will be reported to Health, Social Care and Housing Committee in September, with further updates in future Welfare Reform Updates.
- 3.13 The number of funded advice service welfare rights appeals is gradually increasing after a reduction during 2015, in particular for Personal Independence Payment (PIP):
- 2013-14 - 628
  - 2014-15 - 253
  - 2015-16 - 669

This is consistent with progress in PIP decision making and the challenges being made to these decisions. Advice Shop representation has been steady with 190 appeals in the period January to June 2016 compared to 396 in 2015, 483 in 2014 and 774 in 2013.

- 3.14 The three major advice providers funded by the Council – CHAI, CAE and GIC – reported the following demand on services:

	Oct 15 – Mar 16	Oct 14 – Mar 15	Oct 13 – Mar 14	Oct 12 – Mar 13
Welfare Rights	7811	6596	6925	7044
Debt	3256	3424	3258	2401

- 3.15 The transition from DLA to PIP is causing elements of hardship, with some claimants who were previously dependent on high DLA mobility awards experiencing a reduction in award. PIP appeals are also reported as being more challenging to win as Tribunals are now more robust in the questioning process.
- 3.16 Following discussion at the Welfare Reform Working Group in June, plans are being developed for further advice-related activity:

- Targeted benefit uptake campaign to be considered and developed. This will ensure that as many people as possible are claiming the benefits they are entitled to. This will raise awareness amongst citizens surrounding benefit entitlement, and the support available to them. Support, resources and participation will be sought from all appropriate Council Services.
- Partners in the voluntary sector, specifically those funded by the Council to support vulnerable groups, will be requested to support the programme of action to raise awareness and direct people toward income maximisation resources.
- An exercise is to be undertaken to scope and develop financial capability provision in the city and improve money management skills.

3.17 These activities will be linked with emerging anti-poverty developments arising from the Integrated Joint Board's planning process. Additional success measures will also be agreed through the Welfare Reform Core Group and Working Group.

### **Extension of Benefit Cap**

3.18 The benefit cap is a limit on the total amount of income from certain benefits a household can receive. If they receive more than the benefit cap allows then their Housing Benefit will be reduced until they are brought back within the income cap. For a couple or single person with children the benefit cap is currently £500 per week. The limit for single people with no children is £350 per week. From Autumn 2016 this will be reduced to £335 for a couple or single person with children and £258 for a single person.

3.19 The Council received information from DWP in April which allows affected citizens to be identified. Council services, in conjunction with the DWP, are now beginning to work with this group to provide support as they transition through the change. The Council is also engaging with the DWP to assess the anticipated additional workload to services this change will bring.

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

3.20 The DWP has confirmed that it will continue with the CTRS funding arrangement for 2016/17. This reflects the evolving nature of CTRS and the staged implementation and migration of Housing Benefit to UC. The national Settlement and Distribution Group continue to consider the distribution of CTRS funding and will advise Local Authorities accordingly, as and when there are any significant changes.

3.21 CTRS is not part of the UC package of benefits, with the fund being independently administered by each local authority. Every effort is being made to raise awareness of CTRS and to ensure customers make the separate CTRS claim at the point of any UC claim.

3.22 The demand on the 2016/17 budget continues to be monitored on a monthly basis, in line with changes to customers' circumstances. Whilst CTRS uptake

continues to fall, Council Tax collection continues to improve for the same period last year, indicating a reduced need for assistance of this nature. Appendix 1 outlines the Council's CTRS spend profile at June 2016.

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

- 3.23 Both 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 June 2016.

#### **SWF 2016/17 Allocation**

<b>2016/17 SWF Fund</b>	<b>Budget £</b>	<b>Carry Over to 2016/17</b>	<b>Total Budget Available £</b>	<b>2016/17 Spend as of 28 June 2016</b>
Crisis Grants	660,000	0.00	660,000	154,213
Community Care Grants	1,424,325	330,000	1,754,325	381,489
<b>Total</b>	<b>2,084,325</b>	<b>330,00.00*</b>	<b>2,414,325</b>	<b>535,702</b>

*\*Adjusted to reflect ongoing spend for 2015/16*

- 3.24 The 2<sup>nd</sup> Tier reviews for Scottish Welfare Fund are now heard by the Scottish Public Services Ombudsman from 1 April 2016. The table below shows the decisions made by the SPSO relating to Edinburgh.

Date	Grant	Decision by SPSO
April 2016	Community Care Grant	Appeal Upheld
May 2016	Crisis Grant	Appeal Upheld
June 2016	Community Care Grant	Awaiting a decision.

### **Discretionary Housing Payments (DHP)**

- 3.25 The remaining £9m of the original £35m of Scottish Government funding available to Local Authorities to fully mitigate Under Occupancy was distributed to councils, based on actual DHP expenditure, in May 2016. Edinburgh's additional allocation to allow for mitigation was £624,871.

- 3.26 The DWP's 2016/17 allocation for Edinburgh is £1.45m. This includes £863,701 to alleviate hardship on **non** Under Occupancy and £587,168 towards mitigating hardship in relation to Under Occupancy.
- 3.27 The Scottish Government 2016/17 allocation for Edinburgh to mitigate Under Occupancy is £2.56m and the remaining £9m of Scottish Government funding to fully mitigate Under Occupancy will be distributed to councils following the publication of the 2016/17 DHP statistics in May 2017. Edinburgh's additional allocation to allow for mitigation is estimated at £780,348, making the estimated total DHP fund £4.8m for 2016/17. The Council will continue to monitor DHP spend on a monthly basis and an appropriate claim will be made to the Scottish Government at year end.
- 3.28 As of 30 June 2016, the Council's DHP financial position was:
- £4,016,372 total fund\*
  - £1,490,829 spend
  - £2,463,636 committed to spend
- \*exclusive of additional 20% to be allocated in 2017.
- 3.29 There have been 4796 DHP applications for 2016/17 considered up to 30 June 2016 of which 150 were refused. The overall refusal rate is 3.2%, which reflects the high volume of cases being processed for under occupation from the new financial year's fund. The most common reasons for refusal is the situation where a customer's income exceeds their expenditure.
- 3.30 At 30 June 2016 the number of days to process a request for a DHP was 9 days.
- 3.31 Appendix 3 outlines the Council's DHP spend profile at June 2016. The additional Scottish Government funding is expected to fully mitigate under occupancy in 2016/17.

### **Foodbanks**

- 3.32 The Council continues to work with foodbanks to address citizens in need. The working party set up to look at foodbank provision across the City continues to meet, with a view to better supporting those providers who provide holistic services along with emergency food aid. This group is now chaired by Councillor Lewis Ritchie, Deputy Convenor of Communities and Neighbourhoods, and its membership includes cross council services, foodbanks and representatives from DWP.
- 3.33 The Foodbank Working Group met on Wednesday 01 June 2016 and was attended by reps from:
- Broomhouse Foodbank
  - Basics Bank, (Edinburgh City Mission)
  - NHS Lothian
  - Citizens Advice Edinburgh
  - Cyrenians Good Food Programme (Fareshare)
  - Cross Council service areas

- Craigmillar Neighbourhood Alliance

- 3.34 The main discussion was around how the Council can continue to work with Foodbanks across Edinburgh to provide support to customers and reduce repeat visits, through crisis intervention, appropriate advice, support and signposting.
- 3.35 Council officers have facilitated meetings with community partner organisations to discuss the provision of emergency food aid with holistic advice services in the East of the City. These discussions continue and the outcome will be reported as soon as plans are finalised.
- 3.36 Agreements have been reached with a number of foodbanks to accept electronic referrals from the Scottish Welfare Fund should citizens not qualify for a Crisis Grant. Foodbank referral will be offered as a final option to alleviate citizens' crisis and the new process should improve uptake of Crisis Grants as well as access to these services.
- 3.37 The process of referring to foodbanks from the SWF has been successful in directing customers to the most appropriate support for their immediate crisis. The table below shows the number of referrals made to each individual foodbank since the new process was implemented in March 2016.

Name of Foodbank	Number of Referrals made since 01/03/2016 to 30/06/2016
Basics Bank (ECM)	175
Broomhouse	79
Trussell Trust	305
Total	559

### **The Welfare Reform Working Group**

- 3.38 The Welfare Reform Working Group met in June 2016 and a recommendation was made in relation to a Benefit Uptake Campaign as described in the Advice Service update of this report. Any campaign for benefit uptake will be lead by the Advice Shop.

### **The Welfare Reform Core Group**

- 3.39 The Welfare Reform Core Group continues to meet quarterly to agree the delivery of the key actions to achieve outcomes in terms of:

- Prevention of hardship and worsening inequality;
- Effective response to crisis needs for housing heat and food;
- Effective support for vulnerable individuals and families; and
- Partnership action to sustain Edinburgh's social security.



- 3.40 Business Intelligence are reviewing the document Delivering Social Security in Edinburgh with a view to linking better with the Council's Policy Strategy and providing more detailed data on impacts of Welfare Reform across the City.

### **The Welfare Reform Partners' Forum**

- 3.41 The Welfare Reform Partners' forum met on 13 April 2016 with EVOC acting as the first rolling host in an attempt to create greater ownership. The next meeting will take place in October 2016.

## **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, including increased benefit take up and minimises losses by ensuring people get their full entitlement under the new arrangements.

## **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 also 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 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; and
  - increase in homeless population where delays in payment of rent due to assessment periods for UC in the private sector.

## **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:

- Tri-monthly updates were provided to Corporate Policy and Strategy, however, these will now be reported on a quarterly basis, to align with the Working Group meeting cycle;
- annual update to the Governance, Risk and Best Value Committee;
- dedicated teams introduced to provide support and assistance;
- quarterly meetings with Elected Members, Council Officers and External Partners; and
- a strategic approach and action plan for delivering Social Security in Edinburgh (A strategic response to Welfare Reform in Edinburgh).

## 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 an EHRIA when necessary for any of its proposals.

## 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.

## 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 Local Authority Transition Working Group (LATWG), and COSLA's Welfare Reform Local Authority Representative Group.
- 9.3 Recent community engagement has resulted in plans for joint working initiatives to provide Foodbank Plus models which will address immediate crisis as well as preventative action to reduce use of such services in the future.

## Background reading / external references

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Recent reports to committee:

[Welfare Reform – Update: report to Corporate, Policy and Strategy Committee, 17 May 2016](#)

[Welfare Reform – Update – Corporate Policy and Strategy Committee 20 January 2014](#)

[Strategic Response to Welfare Reform in Edinburgh – Corporate Policy and Strategy Committee 30 September 2014](#)

[Welfare Reform update – Corporate Policy and Strategy Committee 3 November 2015](#)

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

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

[Smith Commission](#)

## Hugh Dunn

Acting Executive Director of Resources

Contact: Neil Jamieson – Senior Customer Manager

E-mail: [neil.jamieson@edinburgh.gov.uk](mailto:neil.jamieson@edinburgh.gov.uk) | Tel: 0131 469 6150

Sheila Haig – Customer Manager - Transactions

E-mail: [Sheila.haig@edinburgh.gov.uk](mailto:Sheila.haig@edinburgh.gov.uk) | Tel: 0131 469 5088

## Links

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### Coalition pledges

### Council outcomes

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

### Appendices

Appendix 1 – Council Tax Reduction Scheme Spend

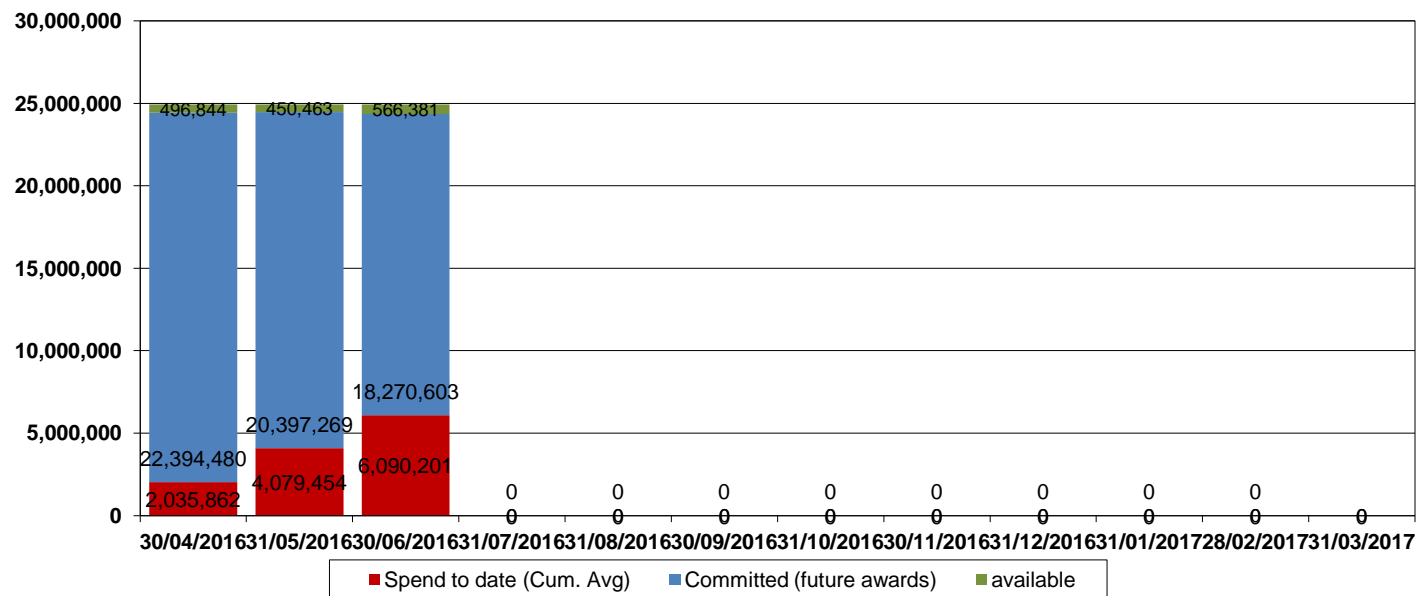
Appendix 2 – Scottish Welfare Fund Spend

Appendix 3– Discretionary Housing Payment Spend

Appendix 4 - Foodbanks mapped with support services

Council Tax Reduction Scheme (30 June 2016)

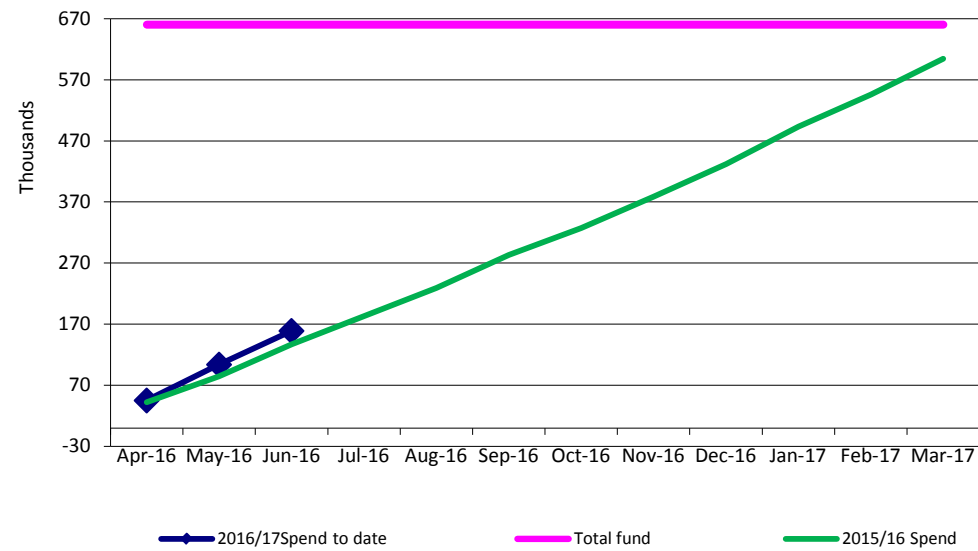
**CTRS Distribution 2016/17**



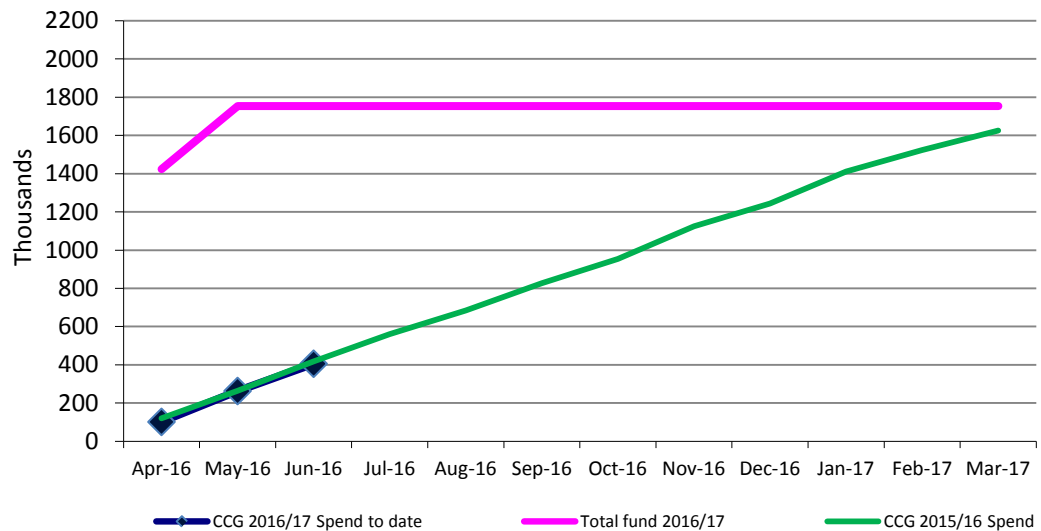
This Uptake is in relation to Ctax liability.  
 In June, CTR accounted for 9.72% of Ctax liability as opposed to 10.31% same time last year.

**Scottish Welfare Fund Payments (30 June 2016)**

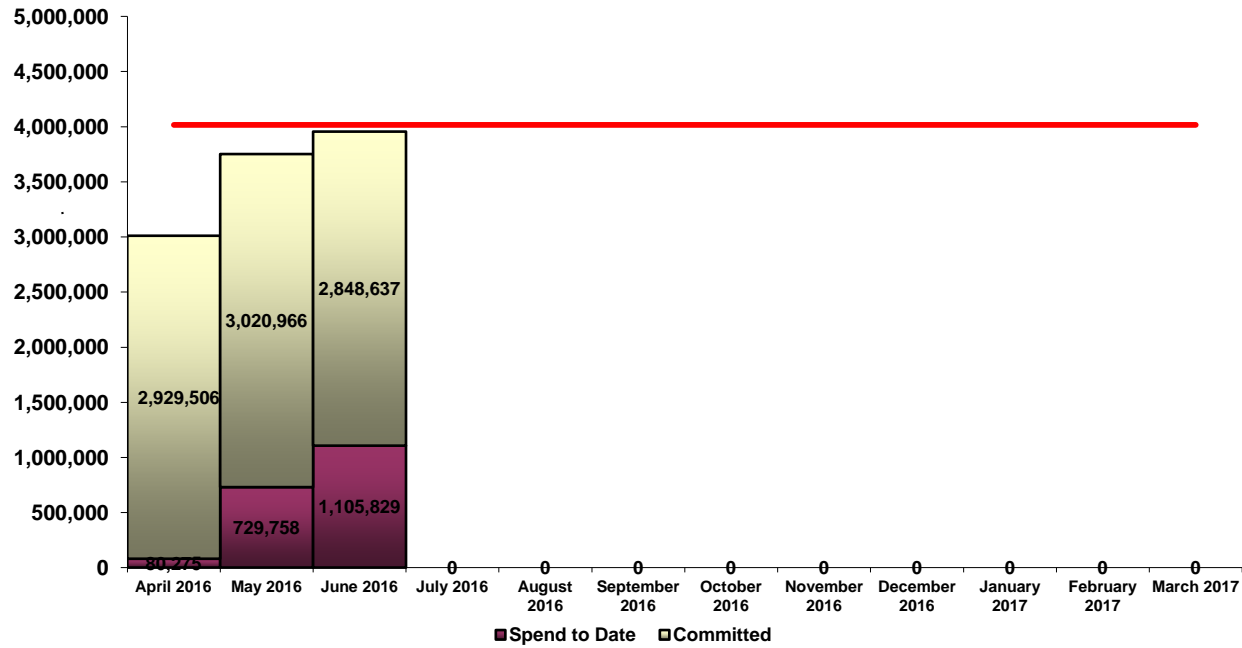
**Crisis Grant Allocation 2016/17**



### Community Care Grant Allocation 2016/17



DHP Fund Allocation 2016/17



Exclusive of additional 20% to be allocated in 2017.

**Foodbank and Advice Services Map**

