

Corporate Policy and Strategy Committee

10.00am, Tuesday, 28 February 2017

Welfare Reform - Update

Item number 7.2
Report number
Executive/routine
Wards

Executive Summary

The Department for Work and Pensions (DWP) 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 benefit cap is a limit on the total amount of income from certain benefits a household can receive. From Autumn 2016 this was reduced to £335 for a couple or single person with children and £258 for a single person. As part of a Central Government roll out programme this was applied to appropriate claimants within Edinburgh from 9 January 2017. As a result, Housing Benefit is reduced until a claimant's income is brought beneath the cap. The numbers of claimants affected by benefit cap has been significantly less than anticipated.

From the 6 April 2017, there will be restrictions on the assessment of Housing Benefit in respect of households with three or more children in accordance with the Welfare Reform and Work Act 2016.

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Welfare Report - Update

1. Recommendations

- 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 particular the extension of the Benefit cap in Edinburgh;
 - 1.1.2 the current spend projections for Discretionary Housing Payments, Council Tax Reduction Scheme; and the Scottish Welfare Fund; and
 - 1.1.3 this Welfare Reform update will be referred to Governance Risk and Best Value Committee (GRBV) on 9 March 2017 as part of the Committee scrutiny programme.

2. Background

- 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 08 November 2016.

3. Main report

Universal Credit (UC)

- 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. Both Penicuik and Dalkeith Job Centres will see an extension of UC from single claimants to all working age categories seeking work in Midlothian in March 2017. Work is being undertaken to identify any Edinburgh claimants using these job centres who could potentially be affected.
- 3.2 The corporate cross Council team continues to work with DWP and Job Centre Plus (JCP+) to support citizens' transition to the new UC system. The team has also agreed a further Delivery Partnership Agreement with the DWP for 2016/17.

- 3.3 The Government announcement of a slowdown of the extension of the UC digital service in July 2016 will mean Housing Benefit will continue to be administered by local authorities into the next decade.

UC Caseload in Edinburgh

- 3.4 At 8 December 2016 the DWP reported:

UC Claimants in Edinburgh	2688
UC Claimants seeking work	1411 (52%)
UC Claimants with element of employment	1277 (48%)

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 claimants citing UC as a reason for applying for a Crisis Grant from the Scottish Welfare Fund. Since April 2016 there have been 27 UC related applications for Crisis Grants, with a value of £3220.
- 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 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 There are 476 council tenants known to be receiving UC. The total value of rent to be collected per month from these tenants is approximately £195,000 per month (£2.34m per annum).
- 3.9 The management of UC cases with housing rent arrears continue to be progressed in accordance with the Council's standard arrears process. Specific detailed advice and information is provided to help tenants understand their rent payment obligations and to manage a monthly household budget. Tenants moving onto UC at present are doing so as a result of a change of circumstances and 90% (431

tenants on UC) are in some level of arrears. This includes tenants with pre-existing arrears.

Temporary and Supported Accommodations

- 3.10 Households in temporary accommodation affected by the benefit cap and/or under occupation, continue to be provided with advice and assistance in applying for Discretionary Housing Payments (DHP). This is however impacted by the recent DHP policy change in relation to Benefit cap applicants to the fund. 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 21 out of 420 households who are under occupying in temporary accommodation.
- 3.11 Details of the new Benefit capping levels were received on 9 January 2017. The capping rates were already being applied to 62 temporary accommodation occupants, including Link Private Sector Leasing properties. A further 163 residents were subject to the reduced capping rates in January, bringing the total number to 225 households in the temporary accommodation sector.
- 3.12 A report by the Head of Safer and Stronger Communities was presented to Finance and Resources on 23 February 2017. The title of this report is '[Strategic Direction for Tackling Homelessness in Edinburgh](#)' and gives detail on the City's response to this issue.

Advice Services

- 3.13 During April 2016 to September 2016 there were a total of 2573 people seen by funded agencies for debt advice. This compares to 3322 in 2015/16. The Advice Shop assisted 253 people in this period compared to 1817 in 2015/16, the difference being due to changes in resources and the way enquiries are recorded.
- 3.14 The level of debt presented was £710,622. This compares to £456,300 in 2015/16. The Advice Shop dealt with debt totalling £3,125,365 compared to £6,228,987 in 2015/16, again due operational changes.
- 3.15 Welfare rights services assisted 4896 people in this period compared to 7649 in the same period last year.
- 3.16 The level of client financial gain achieved in this period was £2,547,968 compared to £3,360,821 in 2015/16. The Advice Shop's client financial gains for this period was £7,005,350 compared to £3,654,943 in 2015/16. This increase is due to improved recording, particularly through the telephone advice line.
- 3.17 The number of Benefit Tribunals that advice services have represented at during this period is 172 compared to over 300 in 2015/16. The success rate for these Tribunals varies depending on the benefit in dispute overall. Advice services are achieving a success rate of around 70%.

- 3.18 The impact of the Benefit Cap is featuring in more enquiries, increasing the demand for this type of advice. Some clients have been able to access other sources of income that have removed them from the Benefit Cap while others have been able to obtain DHP. Advice services are directing clients to the DWP and other services for assistance with employability and housing options. There are several clients who are single parents with three to five children who have not been able to identify longer-term options that will either mitigate the impact of the Benefit Cap or take them out of its scope.
- 3.19 The transition of claimants from DLA to PIP appears to be accelerating with the Advice Shop experiencing more enquiries from people concerned about actual or potential losses to their income.
- 3.20 The number of PIP applications the Advice Shop assisted with in 2016:

2016	PIP Applications	PIP Mandatory Reconsiderations	PIP Appeals	Total Advice for PIP
January March	165	40	52	257
April – June	152	57	74	283
July – Sept	178	34	56	268
Oct – Dec	151	48	63	262

- 3.21 As previously reported, work has commenced on the development of new proposals for Advice Services, with the intention of producing a business case for approval for April 2017. It has been agreed that the review will focus on savings target for 2018/19 and allow for a full engagement with both internal and external providers. Design workshops took place in February and took account of the Councils move to localities and priority areas.

Extension of Benefit Cap

- 3.22 As noted above the cap is a limit on the total amount of income from certain Benefits a household can receive. If citizens receive more than the cap then their Housing Benefit will be reduced until they are brought back within the income cap. From Autumn 2016 this was reduced to £335 for a couple or single person with children and £258 for a single person.
- 3.23 The DWP provided information in April and August 2016 which allowed affected citizens to be identified. The DWP information received in August 2016 identified

894 tenants living in Edinburgh who at that point would be affected, once the extended Benefit Cap was implemented in Edinburgh in January 2017.

- 3.24 The reduced income level was applied to those individuals already capped at higher levels in November 2017. The table below indicates the total loss of benefit to these individuals.

<u>Tenancy Type</u>	<u>Number of Clamaints</u>	<u>Average weekly loss in Housing Benefit</u>
CEC Mainstream	13	£74.12
Temporary Accommodation	55	£286.89
PSL(LINK PSL)	7	£191.39
Housing Association	4	£60.48
Private Tenancy (LHA)	44	£146.75

- 3.25 The details of individuals subject to the extension of the benefit cap were received in January 2017 and the cap has now been applied to these cases.

Tenure	No of Households Affected	Average Weekly Loss in Benefit	% of All Benefit Cap cases
Temporary Accommodation	42	£117.14	10%
Mainstream Council Tenancies	76	£36.50	18%
Private Rented Sector	137	£59.23	32%
Housing Association (RSL)	34	£33.97	8%
LINK PSL	136	£25.69	32%

- 3.26 The number of claimants affected by the extension of the Benefit cap in January has been significantly less than anticipated, with an additional 425 households affected. It should be borne in mind that all stakeholder agencies have used the data provided in the earlier scans to engage with citizens, ensuring their Benefits

were appropriate and potentially moving individuals into groups protected from the cap. Citizens moving into employment of 16 hours for a single person and 24 hours for a couple are also not subject to the Benefit cap.

- 3.27 DWP and the City of Edinburgh have established a joint working partnership to support these citizens in Edinburgh through the transition. The remit of the group is to look for innovative and positive solutions and outcomes for citizens and organisations affected by the changes, driven by partnership working and support. Employability events have been organised during February 2017 at four neighbourhood localities, with providers from Employability, Welfare Rights and Housing Options in attendance to provide advice and support.

Restrictions to Housing Benefit in three child or more Households

- 3.28 From the 6 April 2017, there are restrictions on the assessment of Housing Benefit in respect of households with three or more children in accordance with the Welfare Reform and Work Act 2016. Currently it is still unclear if the Scottish Government will also apply the restrictions to Council Tax Reduction.
- 3.29 There is protection for existing claimants who have more than two children and they will continue to receive Benefit based on the actual number of children they have. If they subsequently end their Housing Benefit and then make a new claim then this protection will be lost. If an existing claimant has any additional children after the 5 April 2017 no additional applicable amount for that child will be awarded, potentially reducing the amount of Housing Benefit that could be awarded.
- 3.30 There are some exceptions in allowing additional child allowances however this will be the decision of HM Revenue and Customs, not at the discretion of local authorities.
- 3.31 The restriction assessment on the number of children in a household does not affect the room allowance used to calculate Housing Benefit.
- 3.32 There is likely to be an increased demand of Discretionary Housing Payments due to this change in legislation as claimant's incomes will be restricted but their expenditure has increased due to additional children.

Council Tax Reduction Scheme (CTRS)

- 3.33 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 when there are any significant changes.
- 3.34 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. Local arrangements with Job Centres across the City are in place to support this.

- 3.35 The demand on the 2016/17 budget continues to be monitored on a monthly basis, in line with changes to customer circumstances. Whilst CTRS uptake continues to fall, Council Tax collection continues to improve, indicating a reduced need for assistance of this nature. Appendix 1 outlines the Council's CTRS spend profile at December 2016.
- 3.36 Consideration will be given to CTRS to improve Benefit uptake amongst groups where there is a perceived entitlement but low take-up. This is a project being undertaken by the advice services. The recent changes to Council Tax charges at band E and above may result in increased demand on the fund as a result of more individuals qualifying for the reduction.

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

- 3.37 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 on 31 December 2016.

Grant	Budget £	Carry Over to 2016/17	Total Budget Available £	2016/17 Spend as of December 2016
Crisis Grants	660,000	0.00	660,000	£512,293.38
Community Care Grants	1,424,325	330,000	1,754,325	£1,306,556.09
Total	2,084,325	330,00.00*	2,414,325	£1,818,849.47

- 3.38 The SWF 2nd Tier Reviews are heard by the Scottish Public Services Ombudsman. There have been seven appeals to date, with five upheld.

Discretionary Housing Payments (DHP)

- 3.39 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.
- 3.40 The Scottish Government's initial allocation for Edinburgh to mitigate Under Occupancy in 2016/17 is £2.56m. 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 anticipated additional allocation brings the estimated total DHP fund to £4.7m 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.

3.41 As of 31 December 2016, the Council's DHP financial position was:

Total Fund: £4,016,372*

Net Paid to Date: £3,473,810

Committed: £878,653

** exclusive of additional 20% to be allocated in 2017.*

3.42 There have been 6217 DHP applications up to 31 December 2016 of which 583 were refused. The overall refusal rate is 9.4%, the most common reasons for refusal is where a customer's income exceeds their expenditure.

3.43 At 31 December 2016 the number of days to process a request for a DHP was three days.

3.44 Appendix 3 outlines the Council's DHP spend profile at December 2016. The additional Scottish Government funding is expected to fully mitigate under occupancy in 2016/17.

3.45 In recognition of the extension of the Benefit cap, and the affordability of financial support in this area, a revised DHP policy was approved at Corporate Policy and Strategy Committee on 6 December 2016.

Foodbanks

3.46 The Council continues to work with foodbanks to address citizens in need. The working party set up to look at provision across the City continues to meet, with a view to better supporting those providers who provide holistic services alongside emergency food aid. This group is chaired by Councillor Lewis Ritchie, Deputy Convenor of Communities and Neighbourhoods, and its membership includes cross Council services, foodbanks and representatives from Citizens' Advice Bureau, Cyrenians, DWP and NHS Scotland. Appendix 4 provides detail of foodbank use across the City.

The Welfare Reform Working Group

3.47 The Welfare Reform Working Group met in January 2017. Items discussed were:

- Extension of the Benefit Cap
- Advice Services review
- Benefit Uptake Campaign
- Financial Inclusion
- Universal Credit Update
- Welfare Reform Impacts on Temporary Accommodation
- Discretionary Housing Payments Policy

The Welfare Reform Core Group

3.48 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.

The Welfare Reform Partners' Forum

3.49 The Welfare Reform Partners' forum met in November 2016 with partners from a range of advice agencies in attendance. The next meeting will take place in April 2017.

4. Measures of success

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.

5. 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. 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 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.

6. Measures of success

- 6.1 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.

7. Risk, policy, compliance and governance impact

- 7.1 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.

8. Equalities impact

- 8.1 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.

9. Sustainability impact

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

10. Consultation and engagement

- 10.1 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.
- 10.2 The Council continues to participate in groups with the looking at the impacts of Welfare Reform, namely COSLA's Welfare Reform Local Authority Representative Group.

- 10.3 Recent community engagement has resulted in plans for joint working initiatives to provide Food bank Plus models which will address immediate crisis as well as preventative action to reduce use of such services in the future.

11. Background reading/external references

[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](#)

[Welfare Reform - Update: report to 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](#)

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12. Links

Coalition Pledges

Council Priorities

Single Outcome Agreement

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

Appendices

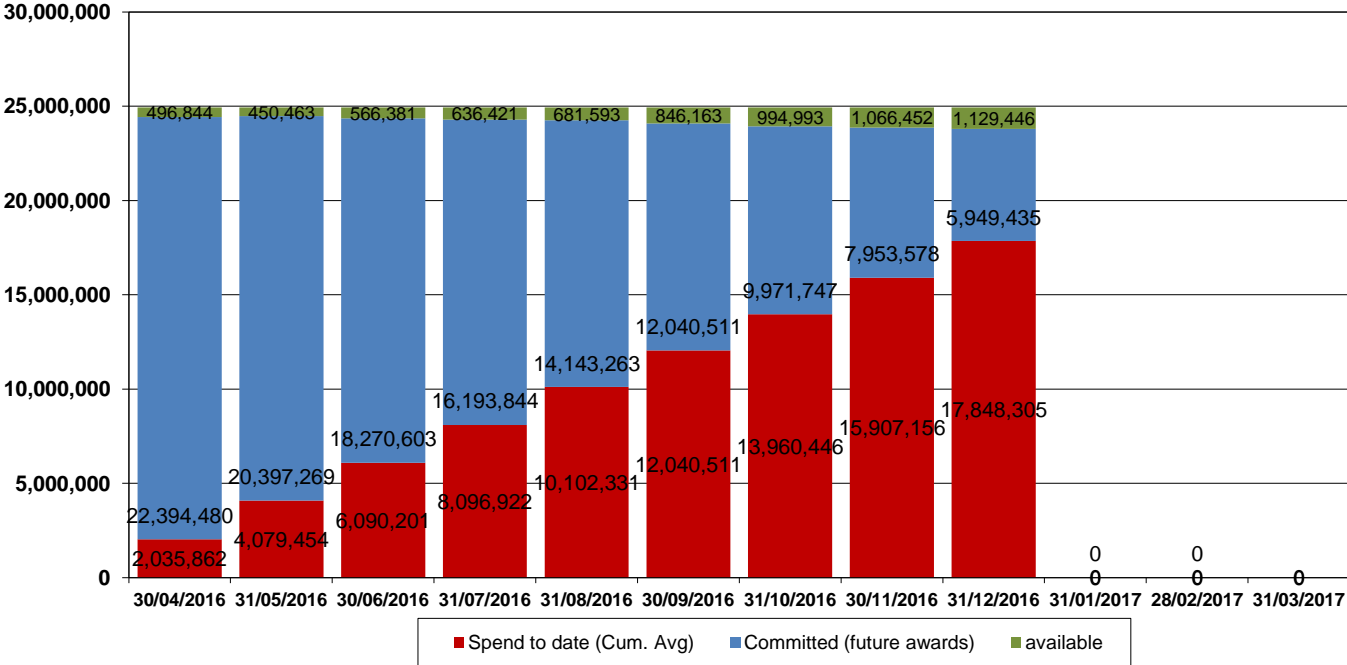
Appendix 1 – Council Tax Reduction Scheme Spend

Appendix 2 – Scottish Welfare Fund Spend

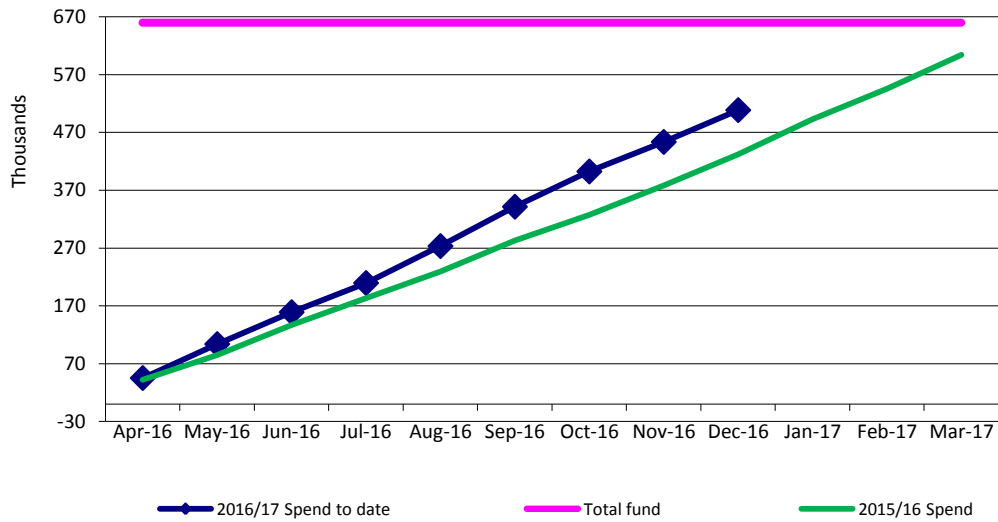
Appendix 3– Discretionary Housing Payment Spend

Appendix 4 – Foodbank Use in Edinburgh

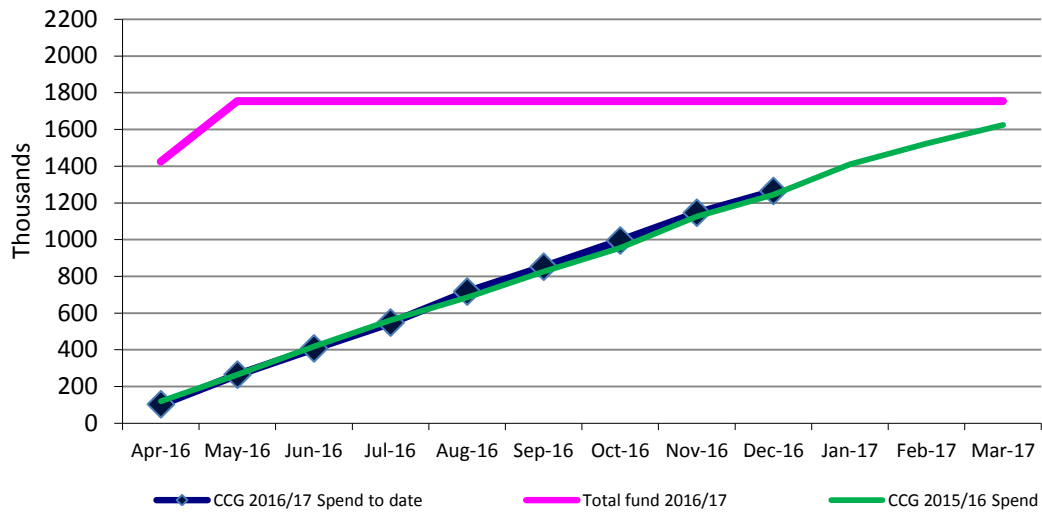
CTRS Distribution 2016/17



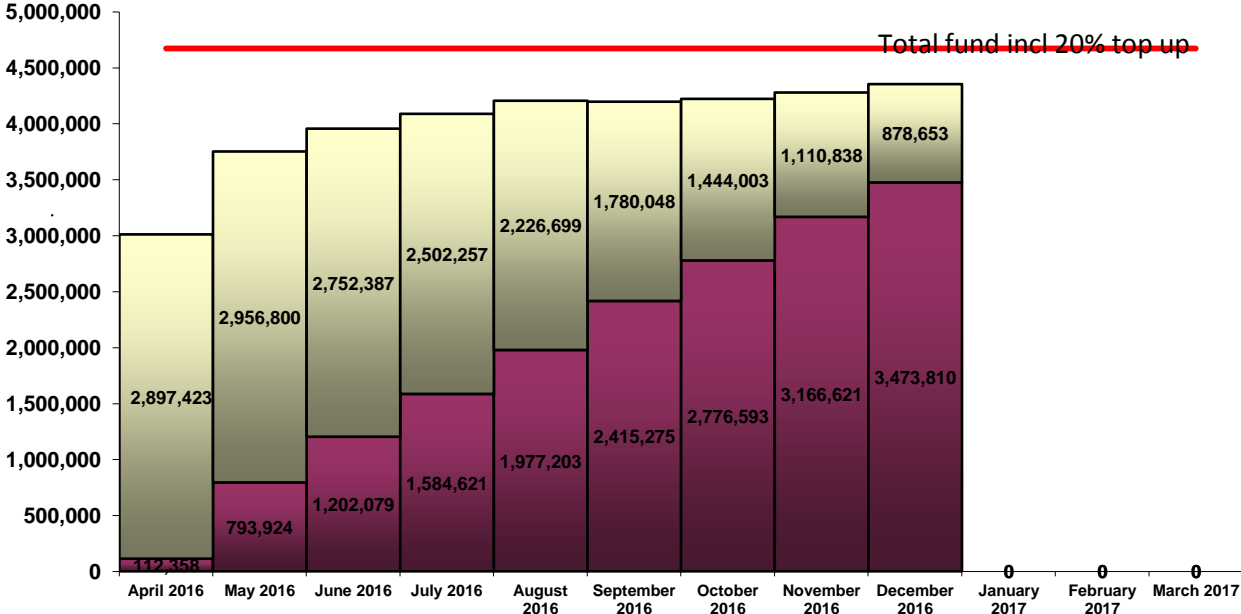
Crisis Grant Allocation 2016/17



Community Care Grant Allocation 2016/17



DHP Fund Allocation 2016/17



Foodbank Use in Edinburgh

The Foodbank Working Group last met on Tuesday 13th December 2016. 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. The table below shows the number of referrals made to foodbanks in Edinburgh by each locality.

Basics Bank	Number of referrals
Newington	61
Granton	48
Leith	123
Bruntsfield	2
Portobello	47
Corstorphine	14

Trussell Trust	Number of Referrals
Pilton	175
Broughton	107
Tollcross	218
Grassmarket	335
Craigmillar	36
Oxgangs	16
Rannoch	34
Southouse Blythswood	8
Salvation army Gorgie	150
Kirkliston	5
Broomhouse Foodbank	222