

# Corporate Policy and Strategy Committee

10.00am, Tuesday 7 August 2018

## Welfare Reform - Update

Item number 8.3

Report number

Executive/routine

Wards

Council Commitments

### Executive Summary

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This update details the Council's ongoing welfare reform activities, including the benefit cap, the short term benefit advance and local housing allowance in Edinburgh.

The discretionary housing payment (DHP) funding has been devolved to the Scottish Government and the Council's initial allocation for 2018/19 is £5.2m, with a further top up due later in the year. This will be determined by demand and the fund continues to be monitored to ensure appropriate spend.

## Welfare Reform - Update

### 1. 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 (UC) and Welfare Reform, 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 agree to the removal of paper forms in favour of online benefit application, with appropriate support for all claimants.

### 2. Background

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- 2.1 The Welfare Reform update is reported to the Corporate Policy and Strategy Committee on a quarterly basis and aligns with the Working Group meeting cycle. The last report was considered by Committee on 8 May 2018.

### 3. Main report

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#### **Universal Credit (UC) - Overview, Scottish Choices and Caseload**

- 3.1 The rollout of full service Universal Credit across Edinburgh will now begin on 28 November 2018.
- 3.2 It has been confirmed that citizens in receipt of Severe Disability Premium will now remain on legacy benefits until they are moved as part of the managed migration to UC. Once migrated, transitional protection will apply where the legacy entitlement is more than the UC payment. Consideration for retrospective protection will also be given by the Department for Works and Pensions for any citizen that has already moved to UC.
- 3.3 Between July 2019 and 2023 the Department for Works and Pensions (DWP) will progress the final phase of the UC rollout and will manage the migration of all remaining benefit claimants to UC. This migration will be carried out in line with the Universal Credit (Transitional Provisions) (Managed Migration) Amendment Regulations 2018. These regulations are currently in draft and have still to be agreed.
- 3.4 Once the Universal Credit rollout has been completed the UK Government will begin incorporating Housing Benefit for pensioners into the Pension Credit scheme. This means that City of Edinburgh Council expect to be delivering Housing Benefit for pensioners up to and potentially beyond 2023.

- 3.5 In October 2017 the UC Scottish Choices (also known as the Scottish flexibilities) were made available to people making a new claim for UC in full service areas. This was subsequently extended to everyone with an existing UC claim in full service areas from 31 January 2018.
- 3.6 The UC Scottish choices give people in Scotland the option to receive their UC award either monthly or twice monthly, and to have the housing costs in their UC award paid directly to their landlord in both the private and social rented sector. People can choose one or both choices. The UC Scottish choices are currently available in Full Service local authorities, and will be available to Edinburgh citizens when the full service is implemented in November.
- 3.7 The Scottish Federation of Housing Associations (SFHA) is currently consulting with Department of Work and Pensions ( DWP) over the existing payment scheduling process for direct payments to landlords. This is because some Landlords are being paid housing costs directly by the DWP every four weeks, as opposed to the payments being synchronised with the date tenant's receive their UC award. This is resulting in landlords being paid up to four weeks later than the UC payment date, which can cause tenant rent arrears.
- 3.8 In May 2018 the DWP reported there were 2164 UC claimants in Edinburgh of which 1228 were seeking work and 936 already had an element of employment.

#### **Benefit Advance Refusal Rates**

- 3.9 In May 2018 members queried why the Council's FOI regarding refusal rates on Short Term Benefit Advances (STBA) had been denied by DWP. STBA applications are recorded by each Job Centre but to identify applications processed by each local centre would require a manual process to retrieve and review the applications to identify relevant claims. As a result the FOI was rejected under the FOI cost exception.
- 3.10 As a follow up, DWP was asked whether national statistics are available. Data is held at regional and national level for other Working Age benefits (Jobseekers Allowance (JSA), Employment Support Allowance (ESA) and Income Support (IS)) but this data is incomplete. The provision of an accurate data set would again require manual intervention that would fall within the standard FOI exemptions.
- 3.11 In respect of UC there are published statistics available regarding payment advances. The link below provides ad hoc statistics on payment advances for claims to UC for May 2016 to June 2017.
- <https://www.gov.uk/government/statistics/universal-credit-payment-advances-may-2016-to-june-2017>
- 3.12 It should be noted, that as part of the changes announced in the Chancellor's Autumn statement, 100% advances are available to all claimants entering full service UC and repaid over a period of 12 months. No new claims for UC can be made in Edinburgh until full service is implemented.

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

- 3.13 Personal budgeting support continues to be made available in line with the delivery partnership agreement with DWP. The demand for this has been low, despite instances of co-location to give citizens' instant access to the service. Council Officers met with DWP officers in May 2018 to discuss plans for an enhanced service. To ensure effective support is in place for Citizens a workgroup comprising of Council and DWP officers has now been created and the enhanced service will be operational in advance of Edinburgh's entry into UC full service

### **Council Housing Services and UC**

- 3.14 At the end of June 2018 there were 453 council tenants known to be receiving UC compared to 523 tenants in December 2017. The total value of rent due to be collected from tenants on UC is currently approximately £190k per month, £2.29m per annum.

### **Temporary and Supported Accommodations**

- 3.15 Households in temporary accommodation affected by the benefit cap and/or under occupancy are provided with advice and assistance in applying for DHP.
- 3.16 Currently there are 17 households who are under occupying that are in temporary accommodation. Whilst every effort is made to locate citizens in size appropriate housing, this is not always possible due to the availability of properties at short notice. These households are entitled to claim DHP relevant to any under occupancy.
- 3.17 Citizens entering temporary accommodation who are in receipt of UC now apply for Housing Benefit to cover their housing costs. This arrangement will remain in place until April 2020 to allow alternative funding arrangements to be finalised by the DWP.

### **Advice Services**

- 3.18 As previously reported the Advice Service Review is currently on schedule to complete by 30 September 2018. This includes a review of internal advice provision and the external grants and contracts funded by Safer and Stronger Communities.
- 3.19 A Public Information Notice was published on 3 April 2018, to allow partner agencies to express an interest. The planned meetings for May 2018 went ahead with providers to discuss proposals. No decisions have been made on the way forward, but further updates will be provided.

### **Benefit Cap**

- 3.20 The table below shows the number of benefit cap cases applied in each tenure type and the average weekly loss in Benefit for these citizens. The figures include benefit cap cases up to 30 June 2018.

Tenure	No of Households Affected	Average Weekly Loss in Benefit	% of all Benefit Cap Cases	Number in receipt of DHP	Average Weekly award of DHP
Temporary Accommodation	155	£41.31	30%	50	£68.60
Mainstream Council Tenancies	71	£51.54	14%	19	£50.15
Private Rented Sector	108	£29.25	21%	24	£51.12
Housing Association (RSL)	26	£4.20	5%	5	£44.10
LINK PSL	156	£216.03	30%	34	£67.72
Total	516		100%	132	£56.33

3.21 The total number of claimants affected by the benefit cap has been less than anticipated, with a total of 516 households affected up to 30 June 2018.

### LHA Rates in Edinburgh

3.22 Previously LHA rates were set at the 50th percentile of market rents, however the LHA rate was reduced, as part of welfare reform, to the 30<sup>th</sup> percentile. In 2018, the target affordability fund (TAF) was introduced to reinvest some of the savings from the ongoing LHA freeze into increases for those LHA rates that have fallen furthest from the 30<sup>th</sup> percentile. The table overleaf shows the increase in 2018/19 of 1 bed and 2 bed rates in the Lothians

Lothian BRMA	2017/18 LHA	30th percentile market rents September 2017	Last determined rate; frozen or reduced or uplifted by 3% TAF	2018/19 LHA	TAF 3% uplift applied
Shared	£68.27	£78.25	£68.27	£68.27	No
1 bed	£120.02	£143.84	£123.62	£123.62	Yes (+£3.60)
2 bed	£145.43	£178.36	£149.79	£149.79	Yes (+£4.56)
3 bed	£186.47	£218.63	£186.47	£186.47	No
4 bed	£276.92	£310.68	£276.92	£276.92	No

### Council Tax Reduction Scheme (CTRS)

3.23 The national Settlement and Distribution Group have allocated the Council £26.672m in CTRS funding for 2018/19. The Council were allocated £26.467m for

2017/18. No significant changes have been made to the scheme. Appendix 1 outlines the Council's CTRS spend to 30 June 2018.

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

- 3.24 Crisis Grants and Community Care Grant applications for March were considered for low priority cases. Appendix 2 outlines the Council's SWF spend profile at 30 June 2018
- 3.25 One SWF 2<sup>nd</sup> Tier Reviews heard by the SPSO between 1 April 2018 and 30 June 2018. This was not upheld by the panel.
- 3.26 The table below details the 2018/19 budget allocation:

Grant	Budget 2018/19	Carry Over to 2018/19	Total Budget	2018/19 Spend April to June
Crisis Grants	£578,986.75	£0.00	£578,986.75	£146,707.48
Community Care Grants	£1,716,960.25	£0.00	£1,716,960.25	£491,598.20
Total	£2,295,947.00	£0.00	£2,295,947.00	£638,305.68

**Discretionary Housing Payments (DHP)**

- 3.27 The DHP budget from the Scottish Government has been allocated in two streams: Under Occupancy Mitigation and Other DHPs. The allocation for Edinburgh for 2018/19 is as follows:
  - Under Occupancy mitigation - The funding will be allocated in two tranches and is based on forecasted Under Occupancy charges. The first tranche of funding is £3.2m or 80% of the expected cost.
  - Other DHPs - This includes assistance for those affected by the Benefit Cap and Local Housing Allowance reforms. The funding for Other DHPS is £2m. This is compared to £1.7m from the DWP for 2017/18.
- 3.28 Due to additional funding for 2018/19 it is anticipated that longer awards will be made to citizens who are eligible for a payment of DHP
- 3.29 As of 30 June 2018, the Council's DHP financial position is:

Total Fund for 2018/19	£5,225,418*
Net Paid to Date	£1,346,781.84
Committed pending related benefit process	£3,191,548.53

\*exclusive of additional 20% to be allocated in 2019.

- 3.30 There have been 5251 DHP applications up to 30 June 2018 of which 119 were refused. The overall refusal rate is 2.26%, this compares to 4.01% at 30 June 2017.

The most common reasons for refusal is where a customer's income exceeds their expenditure.

- 3.31 Appendix 3 outlines the Council's DHP spend profile at 30 June 2018. The additional Scottish Government funding is expected to fully mitigate under occupancy in 2018/19.

### **Scottish Social Security**

- 3.32 The new Scottish Security Agency is being established by the Scottish Government to administer devolved benefits from Central Government. This does not include the Scottish Welfare Fund and DHP, which will remain with local authorities.
- 3.33 The Agency will have a central location in Glasgow and Dundee but with a local presence, utilising existing public sector locations across Scotland. National recruitment for the agency has commenced, with currently 80 positions being filled.
- 3.34 The Social Security (Scotland) Bill provides a mechanism to pay the Carer's Allowance supplement at the earliest opportunity (late summer 2018). The Carer's Allowance supplement will be paid to citizens who make a new claim for Carer's Allowance and payment will be bi-annual.
- 3.35 Once the identified devolved benefits have been rolled out in Scotland, citizens will have the opportunity to apply for these benefits on-line.
- 3.36 The Council continues to liaise with Scottish Government and COSLA to support the design and delivery of the new scheme and provide the best possible outcomes for citizens. The Council's Customer team is the main liaison contact with Scottish Social Security. The Council met with the new agency's Local Delivery Manager for the East of Scotland on 3 July 2018 to discuss collaborations in the future delivery. The Agency is in the process of appointing a Local Delivery Manager for Edinburgh and the Council will continue to liaise to progress opportunities.

### **Removal of Paper Forms for Housing Benefit/Council Tax Reduction**

- 3.37 The Integrated Impact Assessment has is available at [http://www.edinburgh.gov.uk/directory\\_record/1012158/paperless\\_benefit\\_forms](http://www.edinburgh.gov.uk/directory_record/1012158/paperless_benefit_forms). This highlights that no detrimental impacts to this change were identified, with appropriate support in place for all claimants.

### **Citizens' Basic Income**

- 3.38 In May, the Scottish Government confirmed funding for four local authorities – City of Edinburgh, Fife, Glasgow, and North Ayrshire, to work together to research and explore the feasibility of local pilots of a Citizen's Basic Income in Scotland.
- 3.39 Internally, the project is being led by the Strategy and Insight Division with a cross Directorate working group providing expertise in multiple areas, including the Council's Customer Manager - Transactions. The group will also promote links with DWP during this investigatory period.

- 3.40 A Project Manager is being recruited, in partnership with the Improvement Service, who will work with local authority leads to coordinate the feasibility research and implement the work programme. This includes compiling a business case for the pilots, to be presented to the Scottish Government and local authorities by September 2019. The learning from this work will be used to inform a decision about whether the Scottish Government will continue to support the implementation of local pilots of Basic Income, and whether plans will progress beyond the feasibility / design phase.
- 3.41 Initial engagement has commenced with DWP. To support this engagement, the Local authorities group has started to compile a list of practical considerations in designing a Citizen's Basic Income pilot, particularly in relation to how this might interact with existing tax and benefits systems.

## **4. 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 and ensuring people get their full entitlement under the new arrangements.
  - Customer satisfaction with support and access to digital service.

## **5. 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 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 UC;
  - Scottish Welfare Fund and DHP 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. 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:
- 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.

## **7. 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 Integrated Impact Assessments when necessary for any of its proposals.

## **8. 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.

## **9. 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 COSLA's Welfare Reform Local Authority Representative Group.
- 9.3 A full Equalities Impact Assessment of the removal of paper forms will be undertaken in advance of implementation.

## **Background reading/external references**

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[Welfare Reform](#) – Update to Corporate Policy and Strategy Committee, 27 February 2018

[Welfare Reform](#) – Update to Corporate Policy and Strategy Committee, 3 October 2017

**Stephen S. Moir**

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

## **Appendices**

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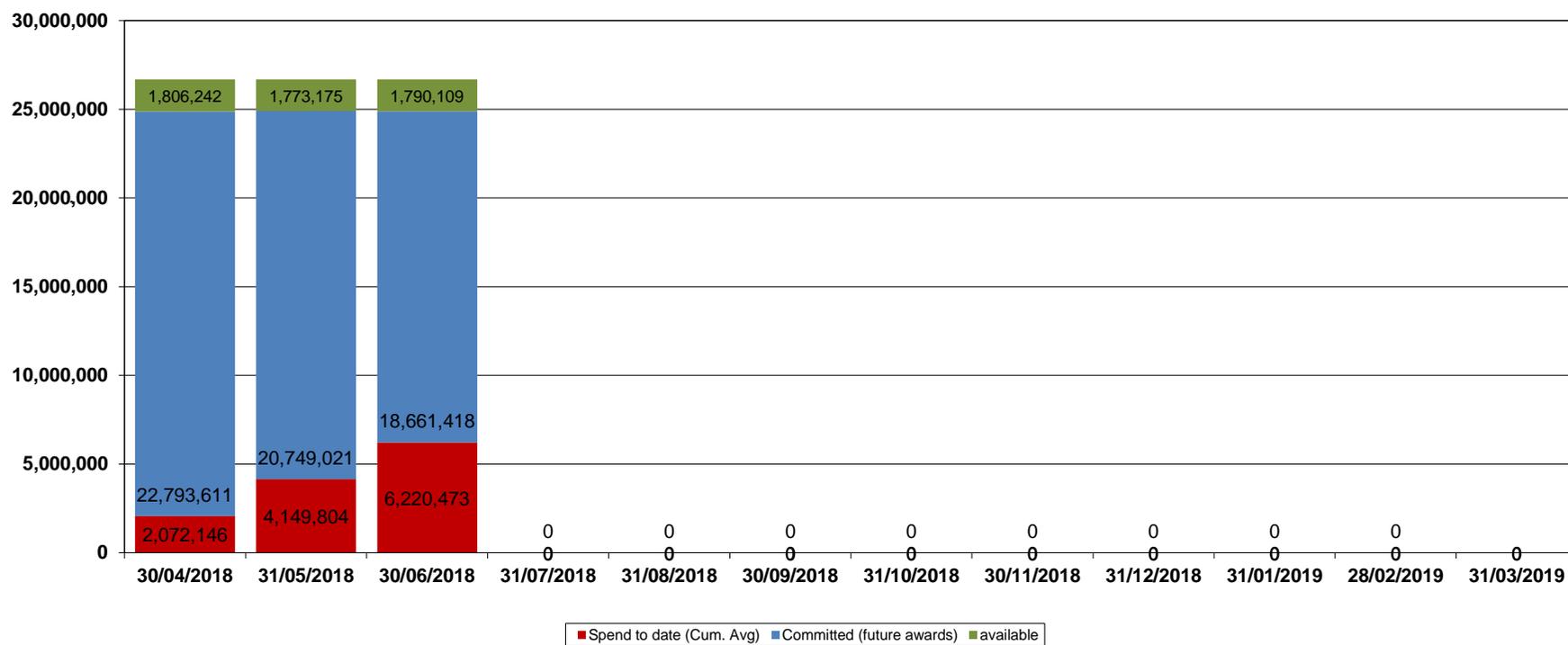
Appendix 1 – Council Tax Reduction Scheme Spend

Appendix 2 – Scottish Welfare Fund Spend

Appendix 3 – Discretionary Housing Payment Spend

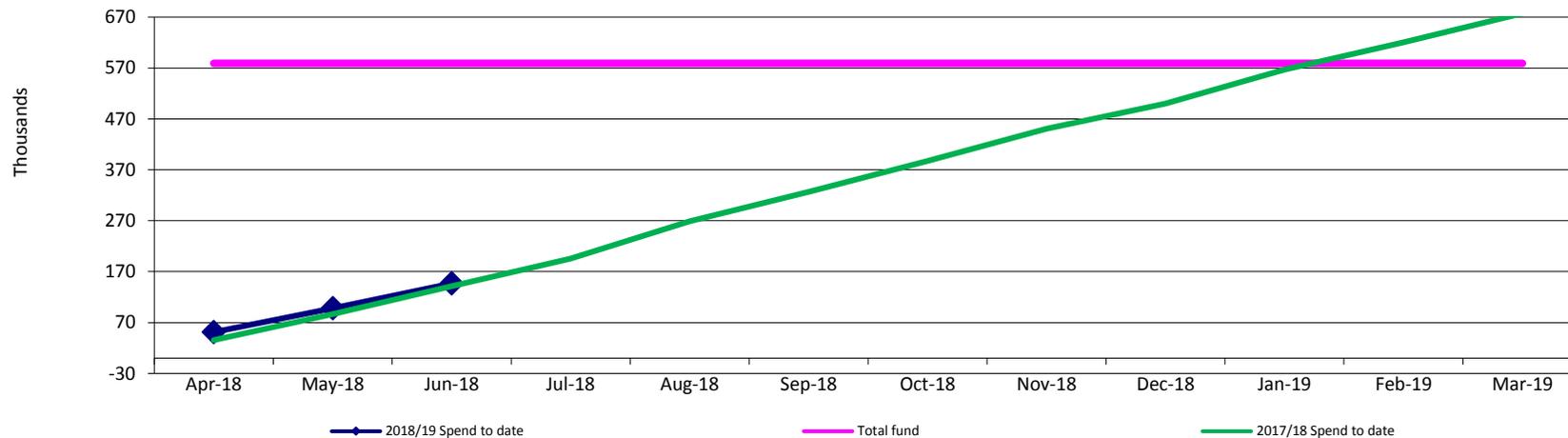
### Council Tax Reduction Scheme Spend

### CTRS Distribution 2018/19

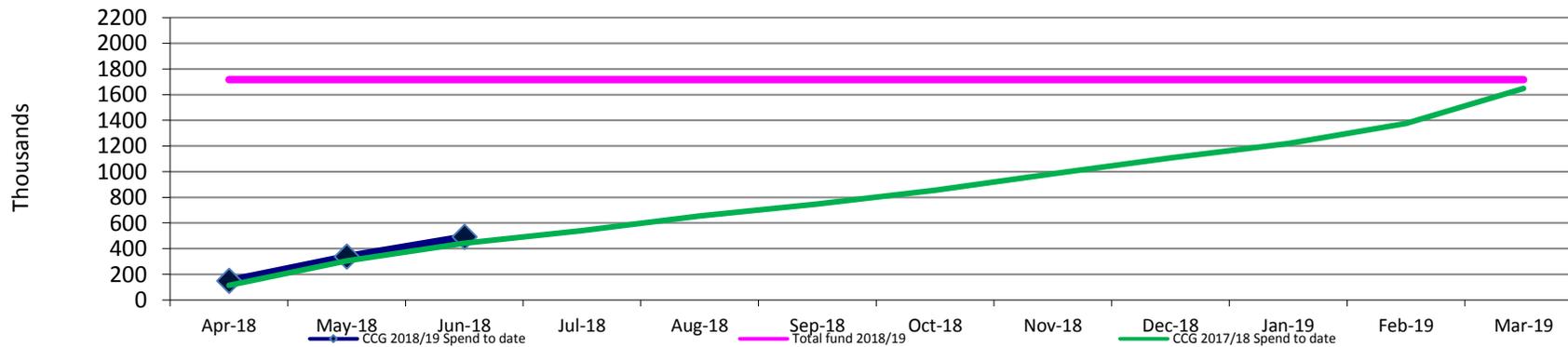


### Scottish Welfare Fund Spend

Crisis Grant Allocation 2018/19



Community Care Grant Allocation 2018/19



Discretionary Housing Payment Spend

