

# Corporate Policy and Strategy Committee

**10.00am, Tuesday 26 February 2019**

## **Welfare Reform Update**

**Item number** 7.8

**Report number**

**Executive/routine**

**Wards**

**Council Commitments**

### **Executive Summary**

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This report provides the Committee with an update in respect of the Council's ongoing welfare reform activities, including the implementation of Universal Credit.

## 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
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### 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 4 December 2018.

### 3. Main report

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- 3.1 The rollout of full service UC across Edinburgh began on 28 November 2018. The Department for Works and Pensions (DWP) confirmed that all claimants on the former live service for UC have transitioned to full service UC within Edinburgh.
- 3.2 Between 2020 and 2023 the DWP will progress the final phase of the UC rollout and will manage the migration of all remaining benefit claimants to UC. During 2019 a pilot will be carried out on a managed migration process for 10,000 UC claimants. The DWP have not yet advised what principles will be applied to the pilot and it is not clear if any Edinburgh citizens will be involved in this. The Secretary of State for Work and Pensions has also confirmed that the regulations for full managed migration will not be put to the UK Government until the outcomes of the pilot are known and can be considered.
- 3.3 From 16 January 2019 citizens in receipt of the Severe Disability Premium (SDP) are not eligible to claim Universal Credit if they are in receipt of the following benefits:
  - Income Related Job Seekers Allowance
  - Income Related Employment Support Allowance
  - Income Support or Housing Benefit or
  - Have had the premium in the previous month

These citizens will continue to receive legacy benefits.

- 3.4 The DWP have introduced new conditions for citizens applying for benefits which will prevent them from making a claim to UC where there is an entitlement to SPD. Once managed migration begins for all citizens, those with SDP will receive transitional protection.
- 3.5 From 1 February 2019 citizens with 3 or more children are now eligible to apply for UC. Prior to this date claims were only accepted where there were 2 or less children in the household or where a household had 3 or more children and had been receiving UC in the last 6 months.
- 3.6 From 1 February 2019 new claimants to UC who had 2 or more children prior to 6 April 2017 will not have the Child Element of their UC capped.

### **Scottish Welfare Fund (SWF) Claims and UC**

- 3.7 Since April 2018 there have been 445 applications to the SWF for crisis awards from UC claimants. A total of 310 applications were paid with the total amount of £29,933.60 being spent on combined awards. The remaining 135 applications were refused with the most common refusal being due to priority levels.
- 3.8 Additional resource has been established within the team to ensure adequate support is available to citizens as they transition through Universal Credit. This will continue into 2019/20.

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

- 3.9 The table below shows the number of referrals made for Personal Budgeting and Assisted Digital Support from 28 November 2018.

Service Name	Number of Referrals	Number of appointments arranged
Personal Budgeting Service	25	12
Assisted Digital Support	9	9

- 3.10 For personal budgeting support 25 referrals have been made but only 12 appointments have been arranged. Those not arranged were where the service has attempted to make contact on 5 separate occasions with the citizen but there has been a failure to respond.

## **Council Housing Services and UC**

- 3.11 At the end of December 2018 there were 577 council tenants known to be receiving UC. This includes tenants who have transitioned from live service and recent new claims. The impact of new claims has, as expected been low following initial roll out. The total value of rent due to be collected direct from tenants on UC is approximately £2.90m per annum. This compares with approximately £58m per annum received in HB. Around 12,054 current tenants are still in receipt of HB, which is paid directly to rent accounts.
- 3.12 Advice and assistance is continuing to be provided to eligible tenants to ensure they claim the housing cost element of UC. DWP housing cost verification requests are being prioritised to avoid any delays in payments to tenants. Work is also ongoing to encourage tenants to adopt secure rent payment methods to avoid falling into debt.

### **Temporary and Supported Accommodations**

- 3.13 Households in temporary accommodation affected by the benefit cap and/or under occupancy are provided with advice and assistance in applying for DHP.
- 3.14 Currently there are 25 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.
- 3.15 Citizens entering temporary accommodation who are in receipt of UC are entitled to claim Housing Benefit to cover their housing costs. They will continue to receive the personal allowance element of UC.

### **Advice Services**

#### Advice Review

- 3.16 The advice services review is ongoing and timescale has now been extended beyond March 2019.
- 3.17 The grant funding of advice services has been transferred from Safer and Stronger Communities to the Integrated Joint Board and grant awards have been announced. These can be viewed at:  
[http://www.edinburgh.gov.uk/meetings/meeting/4607/edinburgh\\_integration\\_joint\\_board](http://www.edinburgh.gov.uk/meetings/meeting/4607/edinburgh_integration_joint_board)

3.19 Citizens Advice Edinburgh (CAE), Community Help & Advice Initiative (CHAI) and Granton Information Centre (GIC) have together been tasked with formulating a model for advice services across the city. Appropriate grant funding for this service is also being progressed.

#### Welfare Rights

3.20 Universal Credit Full Service has, to date, had little impact on the Advice Shop, CHAI and GIC, with a small number of applications and queries. CAE, however, have reported a significant rise in UC contacts rising from fewer than 50 per quarter to nearly 150 in the last quarter. This was anticipated and is linked to changes in UC provision as CAE work closely with the DWP to assist citizens with initial enquiries and applications, and are co-located within some Job Centres. CAE are also developing a UC digital support delivery strategy.

#### **Benefit Cap**

3.21 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 31 December 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	98	£208.66	25%	15	£101.20
Mainstream Council Tenancies	64	£42.73	16%	35	£37.43
Private Rented Sector	95	£60.98	24%	29	£77.34
Housing Association (RSL)	27	£46.96	7%	11	£47.36
LINK PSL	111	£42.73	28%	74	£43.53
Total	395	£80.41	100%	164	£61.37

3.22 The total number of claimants affected by the benefit cap has been less than anticipated, with a total of 395 households affected up to 31 December 2018.

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

- 3.23 The National Settlement and Distribution Group allocated £26.672m CTRS funding to the Council for 2018/19 (£26.467m for 2017/18). No significant changes have been made to the scheme and appendix 1 outlines the Council's CTRS spend to 31 December 2018.

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

- 3.24 Crisis Grants and Community Care Grant applications between October and December 2018 were considered for high priority cases only. Appendix 2 outlines the Council's SWF spend profile at 31<sup>st</sup> December 2018
- 3.25 There were 15 SWF 2<sup>nd</sup> Tier Reviews heard by the SPSO between 1 October 2018 and 31 December 2018. The SPSO upheld 3 appeals in the applicants favour and refused 10 appeals in City of Edinburgh favour. 2 appeals were withdrawn at the applicant's request.
- 3.26 The table below details the 2018/19 budget allocation:

<b>Grant</b>	<b>Budget 2018/19</b>	<b>Carry Over to 2018/19</b>	<b>Total Budget</b>	<b>2018/19 Spend April to December</b>
Crisis Grants	£578,986.75	£0.00	£578,986.75	£420,081.31
Community Care Grants	£1,716,960.25	£0.00	£1,716,960.25	£1,451,552.93
<b>Total</b>	<b>£2,295,947.00</b>	<b>£0.00</b>	<b>£2,295,947.00</b>	<b>£1, 871,634.24</b>

- 3.27 The Scottish Government announced in December 2018 that Edinburgh's Scottish Welfare Fund allocation in 2019/20 will remain the same. The service will continue to monitor demand and amend priority levels to ensure effective management of the fund.

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

- 3.28 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.
- 3.29 Due to additional funding for 2018/19 it is anticipated that longer awards will be made to citizens who are eligible for a DHP payment.

3.30 As of 31 December 2018, the Council's DHP financial position is:

Total Fund for 2018/19	£5,225,418.00*
Net Paid to Date	£4,234,282.89
Committed pending related benefit process	£1,203,894.79

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

- 3.31 There have been 6846 DHP applications up to 31 December 2018 of which 439 were refused. The overall refusal rate is 6.4%, this compares to 8.6% at 31 December 2017. The most common reasons for refusal is where a customer's income exceeds their expenditure.
- 3.32 Appendix 3 outlines the Council's DHP spend profile at 31 December 2018. The additional Scottish Government funding is expected to fully mitigate under occupancy in 2018/19.

#### **Benefit processing figures for New Claims and Change of Circumstances**

- 3.33 The number of days to process a Housing Benefit and/or Council Tax Reduction new claim or change of circumstances (December 2018) is detailed below:

<b>Performance Indicator</b>	<b>Target</b>	<b>Actual</b>
Days to process new benefits claims	28	18.27
Days to process change of circumstances	10	10.31

## **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;

## **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 The Council will commence engagement with Citizen Advice Scotland and work towards a collaborative approach to support citizens as they transition into Universal Credit

## 10. Background reading/external references

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[file:///H:/Item 8.3 Welfare Reform Update%20\(10\).pdf](file:///H:/Item%208.3%20Welfare%20Reform%20Update%20(10).pdf) - Update to Corporate Policy and Strategy Committee, 4 December 2018

[Welfare Reform](#) – Update to Corporate Policy and Strategy Committee, 7 August 2018

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

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

[Welfare Reform – Update: report to Corporate Policy and Strategy Committee 28 February 2017](#)

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## Appendices

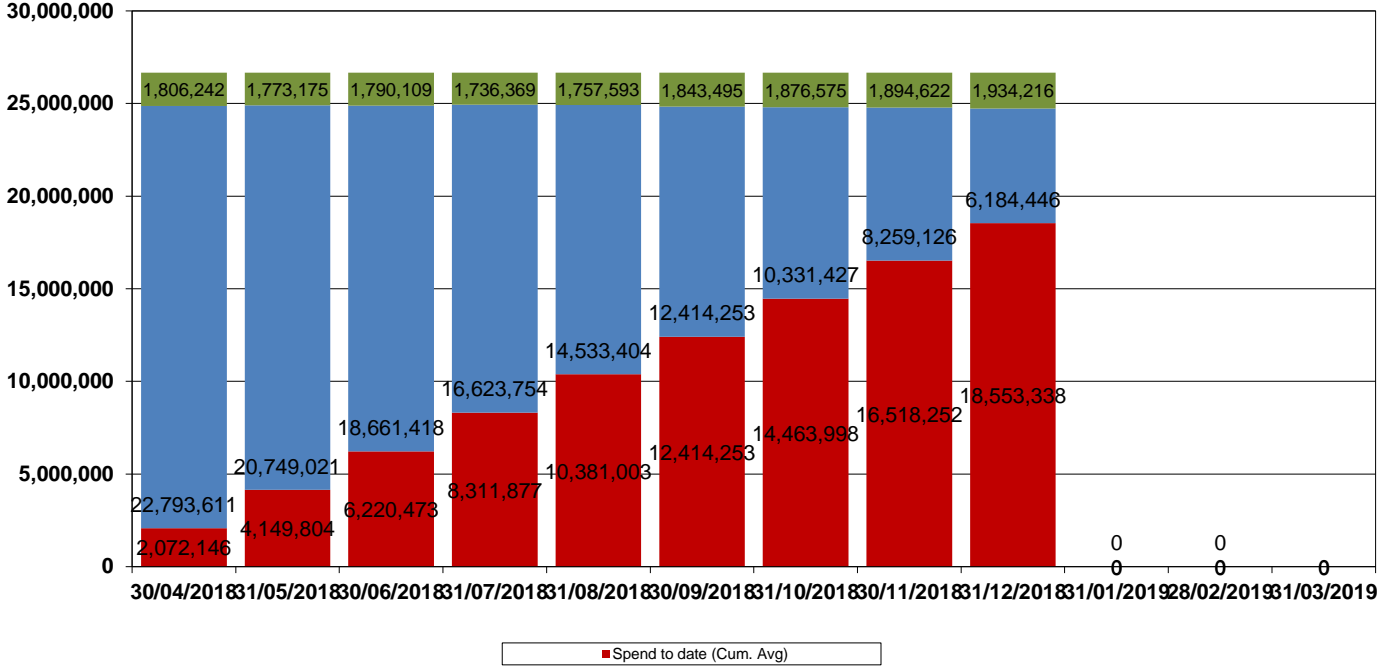
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Appendix 1 – Council Tax Reduction Scheme Spend

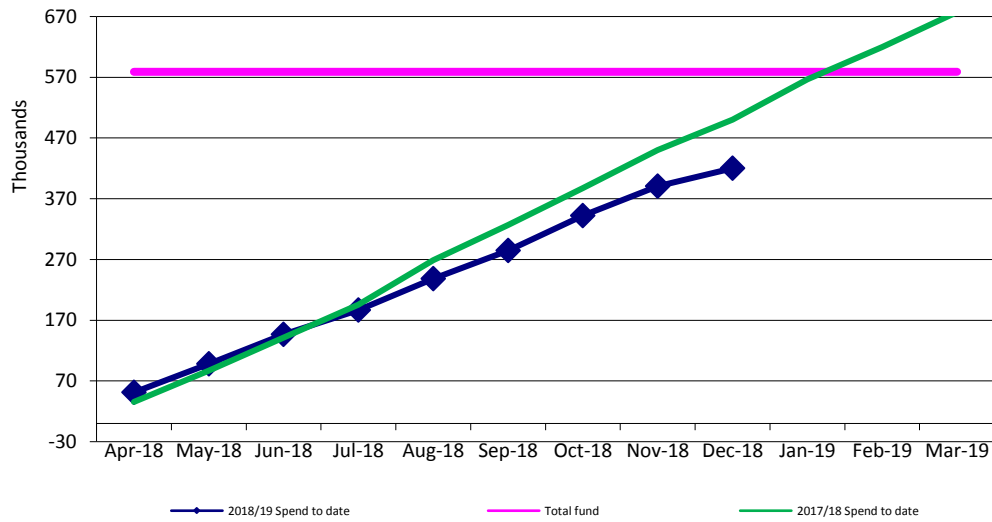
Appendix 2 – Scottish Welfare Fund Spend

Appendix 3 – Discretionary Housing Payment Spend

### CTRS Distribution 2018/19



**Crisis Grant Allocation 2018/19**



**Community Care Grant Allocation 2018/19**

