
Report To:	Policy & Resources Committee	Date:	20 June 2017
Report By:	Chief Financial Officer/Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership	Report No:	FIN/32/17/AP/L
Contact Officer:	Alan Puckrin	Contact No:	01475 712223
Subject:	Welfare Reforms Update		

1.0 PURPOSE

- 1.1 The purpose of this report is to provide the Committee with an update on the impact on the Council of the ongoing Welfare Reform changes.

2.0 SUMMARY

- 2.1 Universal Credit Full Service was implemented within Inverclyde on 23 November 2016. A Delivery Partnership Agreement has been agreed with the DWP and the Council will receive payment for services provided. There were approximately 2600 UC Full Service claimants at the end of April in addition to 100 UC Live Service claimants who will transfer to Full Service by the summer.
- 2.2 Officers in Finance and HSCP are working hard with Partners and the local DWP officers to manage the various issues which are arising from the requirements of Universal Credit whilst identifying areas where processes are not working as they should. Officers are keeping in regular contact with Cosla and other UC Full Service Councils and sharing experiences and lobbying DWP for changes.
- 2.3 The 2016/17 out-turn position for the Scottish Welfare Fund is a spend of £685,167 which means the Council will contain costs within the annual Government Grant including resources carried forward from last year. However as expected, demand for Crisis Grants is growing as Universal Credit is rolled out with payments for March and April being 67% higher than the position 12 months ago.
- 2.4 Discretionary Housing Payments were contained within budget in 2016/17 largely due to a reduction in the anticipated payments relating to Temporary Accommodation due to the time lags built into Universal Credit. This is causing a significant pressure in the Homelessness Budget the detail of which will be reported to the Health & Social Care Committee in August. All DHP funding has now been devolved to the Scottish Government from 2017/18 and Inverclyde's share of this is confirmed as being £1.1 million in 2017/18.
- 2.5 The successful Inverclyde Financial Inclusion Partnership funding bid for approximately £2.35 million over 2017/20 from the Big Lottery and ESF is being implemented with a lead Project Officer being appointed and legal agreements in place. Meanwhile, reviews of outcomes arising from other initiatives part or wholly funded by the Council are on-going and requests for continued funding from the Anti-Poverty Fund will be brought back to future Committees.

- 2.6 The previous meeting of the Committee asked for a specific update in respect of the withdrawal of the Universal Credit housing element from certain 18-21 year olds from 1 April, 2017. Whilst it is early days, section 11.3 of the report provides an update on both numbers affected and the measures put in place by the Council and its Partners. The Scottish Government has committed to providing Councils with funding to ensure that Councils can make payments from the Scottish Welfare Fund to assist any 18-21 year old adversely impacted by the changes.
- 2.7 An update on other Welfare Reform changes which were implemented from April 2017 is provided and will continue to be monitored and reported to future meetings.
- 2.8 The devolution of aspects of Social Security to Scotland is being progressed with a recent Parliamentary statement setting out the shape of the proposed Social Security Agency.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee notes the on-going impacts and actions being taken by officers in respect of the implementation of Welfare Reforms within Inverclyde.
- 3.2 It is recommended that the Committee approves the use of the Anti-Poverty Fund to create a short term/affordable loans Fund to be operated by Scotcash subject to successful conclusion of the various contractual documents.
- 3.3 It is recommended that the Committee otherwise notes the contents of the report.

Alan Puckrin
Chief Financial Officer

Louise Long
Chief Officer (HSCP)

4.0 BACKGROUND

- 4.1 The Committee receives a report each cycle providing updates on the Council's response to the major Welfare Reform changes being rolled out across the UK. The Council set aside extra funding to meet the significant financial challenges generated by these changes.
- 4.2 Universal Credit Full Service (UCFS) launched in Inverclyde on 23 November 2016. The removal of eligibility criteria means that all working age welfare benefit claimants who make a new claim or have a relevant change in their circumstances will claim Universal Credit (UC) for themselves and their family instead of claiming Job Seekers Allowance, Employment and Support Allowance, Housing Benefit, Income Support and Tax Credits. As noted in previous reports UCFS is almost entirely online with claimants being required to apply, maintain their claim, record work search activity, receive correspondence from the DWP, stay in touch and reply to messages sent by their work coach.
- 4.3 Various well publicised changes were implemented by the UK Government from 1 April, 2017 and officers have been working with ColSA, the Scottish Government, DWP and the Financial Inclusion Partnership to manage the impact on those affected.

5.0 UNIVERSAL CREDIT

- 5.1 There were approximately 2600 UCFS claimants at the end of April in addition to 100 UC Live Service claimants who will transfer to Full Service by the summer. Officers in Finance and HSCP are working hard with Partners and the local DWP officers to manage the various issues which are arising from the requirements of Universal Credit whilst identifying areas where processes are not working as they should. Officers are keeping in regular contact with Cosla and other UC Full Service Councils and sharing experiences and lobbying DWP for changes.
- 5.2 Advice services have seen a significant increase in demand with Universal Credit featuring in most enquiries. Appointments take 3 times longer than legacy Benefit enquiries due to the complexity of the new benefit. This increased pressure on advice services is compounded by more strict data sharing protocols recently introduced by DWP.
- 5.3 Referrals to Future Skills, the Council's Universal Credit Assisted Digital Support partner, to help claimants make an online application are in line with the DWP's estimates. It is known however that the demand for digital support across Inverclyde is much higher because other organisations including housing associations have helped many of their tenants. Approximately 10% of all Universal Credit claimants need support to make an online claim.
- 5.4 IT skills are a prerequisite to maintaining a Universal Credit claim so in response to feedback from support providers, officers have met with DWP and other local providers to commence a review of service provision to meet these specific needs and to support those who may not until now have been required or inclined to develop these skills.
- 5.5 A Personal Budgeting Support (PBS) service is offered to UC claimants to support them through the transition to managing monthly payments. Although the need is evidenced in part by the evidence of increased demand for Crisis Grants uptake has been very low. DWP work coaches continue to remind claimants of the availability of PBS and encourage them to attend a session with Future Skills who also provide this service on behalf of the Council.
- 5.6 Housing Associations have expressed concerns about the impact of Universal Credit on their rent collection and cash flow. In March 2017, 602 of the 705 tenants claiming UC were in arrears (85%). This compares with 5318 tenants in receipt of Housing Benefit where 916 (17%) were carrying arrears. Housing Associations are aware that Universal Credit is paid monthly in arrears however the accumulation of arrears at the start of the UC claim, where there is no entitlement for the first 7 days followed by a delay of several weeks until the first payment arrives is difficult to recover. The impact on the Homelessness service is explained later in the report.

- 5.7 A response was made by officers to a House of Commons Work and Pensions Committee Inquiry on Universal Credit, evidence from which was published
- 5.8 Officers have had the opportunity to join conference calls with other UCFS Councils to speak directly with the DWP's UC Project team to try to resolve technical problems. Furthermore, the local DWP Welfare Reform team have undertaken initiatives examining issues raised by officers, Housing Associations and Advice Services to escalate to the DWP's UC Project Team.
- 5.9 Despite the challenges, excellent examples of collaboration have been displayed by Financial Inclusion Partnership services providing support to claimants at the point of need.

6.0 REDUCED BENEFIT CAP

- 6.1 26 households have their Housing Benefit reduced by the Benefit Cap; reductions range from a few pounds to £125.00 each week. Three Universal Credit claimants are known to be affected by the cap. Assurance has been given by DWP that when a UC claimant's benefit reaches the level of the cap their work coach will be alerted and will discuss the impact with their claimant. The coach will explain that the cap will not apply if they were to take up work but they will also provide relevant support including signposting to Discretionary Housing Payments.

7.0 DISCRETIONARY HOUSING PAYMENTS AND SCOTTISH WELFARE FUND

- 7.1 Appendix 2 shows that £1,007,000 Discretionary Housing Payment had been awarded in 2016/17 and of that, £931,000 was paid to those whose Housing Benefit or Universal Credit had been reduced by the SSSC. 99.35% of Housing Benefit restrictions had been mitigated by DHP at 31 March 2017. While every effort is made by the Council, Housing Associations and DWP work coaches to support affected Universal Credit claimants, there is no certainty of complete coverage because the SSSC restriction does not feature in the Universal Credit data sharing agreement between the DWP and Councils. It is the intention of the Scottish Government however to remove the restriction at source through the Scottish Universal Credit flexibilities.
- 7.2 All DHP funding has now been devolved to the Scottish Government from 2017/18 and Inverclyde's share of this is confirmed as being £1.1 million in 2017/18.
- 7.3 The 2016/17 out-turn position for the Scottish Welfare Fund is a spend of £685,167 (Appendix 3) which means the Council will contain costs within the annual Government Grant including resources carried forward from last year. However, as expected, demand for Crisis Grants is growing as Universal Credit is rolled out with payments for March and April being 67% higher than 12 months ago.
- 7.4 Previous years underspend of £66,000 is carried forward to 2017/18 and an allocation of £100,000 from the Anti-Poverty Fund is expected to be called on to support UC claimants as more individuals and families are required to claim and need help from the Scottish Welfare Fund for living costs at the start of their claim or find themselves facing destitution at the end of the month.

8.0 COUNCIL TAX REDUCTION

- 8.1 46 Council Tax Reduction applications were made in response to the national Council Tax taper increase affecting band E to H properties. 7 applicants qualified for the Low Income Household Exemption, mitigating the increase in full and a further 20 applicants qualified for main Council Tax Reduction not only mitigating the taper but reducing their Council Tax further due to their household circumstances. The remaining 19 applicants did not qualify, did not complete or withdrew their application.

9.0 TEMPORARY ACCOMMODATION

- 9.1 There is an impact on the Homelessness Budget arising from the implementation of Universal Credit Full Service due to the significant reduction in the amount of support provided for Housing costs within UC compared to Housing Benefit. Within the Inverclyde Centre the difference is £150-170/week per claimant. Over 80% of the Inverclyde Centre properties are currently occupied by UC claimants.
- 9.2 The shortfall in Housing income can be made up from the Discretionary Housing Payments but only if the claimant is actually in receipt of UC. As there is a 7 week delay between claiming and receipt of UC then it can be seen that there is a significant period in which either the claimant moves out of the Inverclyde Centre or moves off UC or does not maintain their UC record. The loss of income to the Council will be significant and there is currently no extra financial support for the Council to offset despite approaches to the DWP and the Scottish Government.
- 9.3 At a meeting with the DWP at Cosla in April the DWP UC Lead indicated that proposals were being finalised to address aspects of this but given the General Election then these changes have been postponed.

10.0 PERSONAL INDEPENDENCE PAYMENTS (PiP)

- 10.1 A report outlining some of the most recent issues relating to the introduction of Personal Independence Payments (PiP) has been presented to the most recent Inverclyde Health and Social Care Committee.
- 10.2 This Committee report noted an announcement made at the end of 2016 by the Minister for Disabled People, Health and Work as to the position of Motability claimants and the return of Motability vehicles following an unsuccessful reassessment for migration from DLA to PiP. The Minister has made a further written statement outlining an 'enhanced' Transitional Support Package.
- 10.3 An Inverclyde HSCP Advice Services Welfare Rights Officer was successful in their appeal to the Upper Tribunal in Edinburgh. This in turn helps define new case law that significantly increases the chances of claimants, at risk of harm and in need of supervision, being awarded PiP throughout the UK.
- 10.4 In terms of collating evidence on the impact of the introduction of PiP and migration from DLA(Disability Living Allowance) to PiP, Cosla recently requested information from local authorities on the local impact of Personal Independence Payments, and the Inverclyde Financial Inclusion Partnership is continuing to monitor the impact of the roll out of PiP on claimants locally. Common themes are emerging in relation to travelling to assessments.

11.0 FURTHER WELFARE REFORM CHANGES FROM 2017/18

11.1 Benefit Limit to 2 Children

New UC claimants, where the household has more than two children at the point of a new claim, will until autumn 2018, revert to claiming "legacy" benefits such as Housing Benefit and Tax Credits. Two Housing Benefit claims were made during the first 6 weeks of the policy change.

- 11.2 Exemptions from the limit are in place although the application process has been subject to national debate and scrutiny and officers are seeking advice from Social Work Scotland and the Scottish Government as to how those impacted are supported locally.

11.3 Universal Credit Housing Element - 18-21 Year Olds

The Scottish Government has agreed with Cosla that it will extend the Scottish Welfare Fund, on an interim basis, to mitigate the removal of the Universal Credit housing element from 18-21 year olds who do not meet exemption criteria. The intention is to use the provisions for Community Care Grants (CCGs) which enable local authorities to help people establish or maintain a settled home where, without a grant, there is a risk that they would be unable to do so. The Scottish Government committed to providing Councils with funding over and above mainstream SWF programme funding and estimates Inverclyde Council will make 8 awards during 2017/18 (400 awards across Scotland). At the time of preparing the report there have been no cases where a claimant does not meet the exemption eligibility criteria.

- 11.4 Officers provided feedback to the Scottish Government on draft guidance and gave an assurance that processes already in place can be adapted to make awards. Officers met with partner organisations including the DWP, Housing Associations, Money Advice and Financial Fitness and agreed that young people will be advised in the first instance to claim Universal Credit and to discuss potential exemptions with their work coach. Those who fail to meet the eligibility criteria will be directed to apply to the Scottish Welfare Fund.

12.0 EXTERNAL FUNDED PROJECTS

- 12.1 Inverclyde Council/HSCP is the lead partner in the I:DEAS (Inverclyde Delivery Effective Advice and Support) programme - a £2.35m contract with Big Lottery, backed by European Social Funding, to increase the financial capacity and improve the social inclusion of the most disadvantaged individuals and households in Inverclyde. Commencing in August 2017 approximately 2000 local people will be offered support around a range of interventions which will aim to support them to have increased money management skills and no longer be affected by debt as a barrier to social inclusion.
- 12.2 The contract between the Council and Big Lottery has now been signed and the I:DEAS Steering Group has been established to ensure coordination and contract governance. Although the contract is with the Big Lottery, European Social Funding (ESF) requirements are applicable to all aspects of the contract delivery and to ensure compliance with these strict requirements, a case management system is currently being procured. A detailed Delivery Plan; Communications Plan and Engagement Plan have all been developed and approved by the Big Lottery.
- 12.3 The Council/HSCP has now signed contracts with a range of local and national partners including Barnardo's; CVS Inverclyde; Financial Fitness; River Clyde Homes; Scotcash and The Wise Group alongside service level agreements with the HSCP Advice Services Team and the Council's Community Learning and Development service.
- 12.4 The programme will aim to support individuals who meet the contract criteria of being individuals in workless, lone parent (i.e. living in a single adult household with dependent children) or low income households by delivering a range of intensive holistic services. These new services are aimed to improve financial capability and reduce debt and will complement the current range of core services available locally.

The range of services will aim to:

- Help manage and prevent debt
- Provide access to affordable credit and basic transactional banking
- Improve digital skills and money management skills
- Improve money management skills online including access to affordable products
- Support with income maximisation
- Reduce fuel poverty
- Improve family support
- Implement a financial inclusion volunteer strategy

12.5 The programme is funded for 3 years and all participants involved in the programme will have a bespoke action plan based on their individual needs and a local mentor to support them on their journey to improved financial outcomes.

12.6 The I:DEAS coordinator post is currently being recruited and an additional 12.4 whole time equivalent posts across the partner organisations will be advertised in the near future.

13.0 DEVOLUTION OF SOCIAL SECURITY

13.1 The Scottish Government has consulted extensively during 2016 around the devolution of elements of Social Security to Scotland. This included an options appraisal to assess how the Social Security Agency should operate.

13.2 The Minister for Social Security gave a statement to parliament in late April providing more detail on the functions to be delivered by the Scottish Social Security Agency. The key aspects from the statement were:

- 10 of the 11 devolved benefits will be delivered directly by the new Agency via a 'centralised function'
- DHP/SWF Grants will continue to be delivered by Councils
- No decision has been taken on the location of the centralised function
- The Agency will look to provide locally accessible face to face pre-claims advice and support co-located in places people already visit
- The new Agency will ultimately employ at least 1500 people with annual costs of £150 million
- There will be no contracting to the private sector for assessments of disability related benefits

13.3 The Social Security Bill will go before the Scottish Parliament before the summer recess and will give indicative timescales for the first suite of benefits to be delivered.

14.0 ANTI-POVERTY FUND

14.1 High level proposals for the Anti-Poverty Fund were presented at the previous Committee with details to be progressed as required.

14.2 Scotcash is a partner in the I:DEAS Lottery funded programme and will commence delivery of their service to Inverclyde residents who are financially excluded and unable to access financial products such as affordable/short term loans, bank accounts and savings accounts. The Lottery funding will not cover the capital lending therefore a grant agreement between Inverclyde Council and Scotcash is currently being developed which will see the establishment of a £150,000 loan fund to be used for lending.

15.0 IMPLICATIONS

15.1 Finance

As detailed in the report.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
Welfare Reforms	Anti-Poverty Fund		150		Will create a short term/affordable loans fund.

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (if Applicable)	Other Comments

15.2 Legal

There are no legal implications arising from this report.

15.3 Human Resources

There are no HR implications arising from this report.

15.4 Equalities

Has an Equality Impact Assessment been carried out?

Yes See attached appendix

No This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

15.5 Repopulation

There are no repopulation implications arising from this report.

16.0 LIST OF BACKGROUND PAPERS

- 16.1 House of Commons Work and Pensions Committee Inquiry on Universal Credit – Response by Inverclyde Council.

Appendix 1

Universal Credit - Inverclyde Council

	No. of UC claimants	% of UC claimants in employment	No. of UC claimants with Council Tax Reduction	No. of UC claimants awarded SWF Crisis Grants
Feb-17	1466	27%	647	128
Mar-17	1960	28%	883	125
Apr-17	2576	31%	1019	118

Notes

1. Caseload is the number of individuals in receipt of Universal Credit either individually or as part of a couple

Discretionary Housing Payments
Position 31.03.17

<u>1/ SSSC (Bedroom Tax)</u>		
Applications Approved	1671	94.78%
Applications Not Eligible/Refused	45	2.55%
Applications Being Assessed	47	2.67%
	<u>1763</u>	
	<u>£000</u>	
Paid to Date	931	Note 1
2016/17 Budget	974	
(Under)/Overspend	<u>(43)</u>	
<u>2/ Other DHP Cases</u>		
	<u>£000</u>	
2016/17 Budget	119	
less : Payments to 31/3/17	76	Note 2
(Under)/Overspend	<u>(43)</u>	

Notes

- 1/ Represents 99.35% of those households affected by SSSC.
2/ Includes £11k Benefit Cap and £9k Temporary Accommodation.

Finance Services
26/04/2017

Scottish Welfare Fund
31st March 2017

Calls Answered	9178		
Applications	4688		
Applications Granted	3326	70.95%	
Applications Refused	682	14.55%	Note 3
Applications Withdrawn	598	12.76%	
In Progress	82	1.75%	
Referrals to DWP	299		Note 2
	<u>Spend</u>	<u>Budget</u>	<u>Spend</u>
	<u>£000</u>	<u>£000</u>	<u>%</u>
Crisis Grant paid (2353)	189.2	195.8	96.63%
Community Care Grants paid (1003) (includes 30 applications paying both CCG & CG)	495.9	555.5	89.27%
	<u>685.1</u>	<u>751.3</u>	91.19%

Note 1 1st Tier Reviews = 49 (1.16%)
1st Tier Reviews Upheld in Customer Favour = 21 (42.86%)
2nd Tier Reviews = 4 out of 49 1st tier review decisions (8.16%)
2nd Tier Reviews Upheld in Customers Favour = 0 (0%)

Note 2 Referrals to DWP relates to customers who are awaiting payment of a new claim for Universal Credit JSA / ESA from DWP. In these circumstances an application for an advance payment of benefit, repayable to the DWP can be made.

Note 3 The most common reasons for refusal of claims are, applicants not meeting the eligibility criteria, not being in receipt of a qualifying benefit or incomplete evidence provided.

Note 4 Core Budget is £681,000 to which is added a residual underspend from 2014/15 of £70,000