
Report To:	Policy & Resources Committee	Date:	6 February 2018
Report By:	Chief Financial Officer/ Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership	Report No:	FIN/11/18/AP
Contact Officer:	Alan Puckrin	Contact No:	01475 712223
Subject:	Welfare Reform Update		

1.0 PURPOSE

- 1.1 The purpose of this report is to update the Committee on the latest position in respect of the Council's response to on-going Welfare Reform changes and to seek approval for further time limited investment in projects.

2.0 SUMMARY

- 2.1 Universal Credit claim uptake continues at a slower pace and by the middle of November 2017, there were 4088 UC claimants in Inverclyde. More than a third of UC claimants had earnings included in the latest assessment of their claim, the highest level to date. Housing Associations report that 1115 of the 1498 tenants claiming UC have rent arrears. Housing Associations have arranged for almost 30% of those in arrears to have their housing costs paid directly.
- 2.2 A package of £1.5bn new measures was announced in the Westminster autumn budget to be introduced by spring 2018 to relieve hardship and the accumulation of rent arrears. The proposals are detailed in the letter in Appendix 1.
- 2.3 Pressures continue on both the DHP and SWF budgets with both projected to overspend against resources allocated by the Government. These can be contained in overall resources due to the allocation of budgets from the Council's own resources.
- 2.4 Section 8 of the report provides a review and recommendations of continued funding for several time limited projects. If agreed these will be funded from the Anti-Poverty Fund, the projected position of which is the subject of a separate report to this Committee.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the latest developments in respect of Welfare Reform and the Council's response.
- 3.2 It is recommended that the Committee approve the proposals to continue investment in IHAF, IHeat, Starter Packs and an independent review of Advice Services as detailed in Section 8 of the report.

Alan Puckrin
Chief Financial Officer

Louise Long
Chief Officer (HSCP)

4.0 BACKGROUND

- 4.1 The Committee receives regular reports on the roll out and impact of the various Welfare Reform changes implemented since 2013. A sum of £1.3 million was allocated to help mitigate some of the impacts and a separate report appears on the agenda highlighting current allocation of this sum.
- 4.2 At officer level the Council operates a Welfare Reform Board chaired by the Chief Financial Officer. In addition to officers from Finance and HSCP, officers attend from the local JCP and RCH. This is proving a very effective forum for sharing information and identifying local issues.

5.0 UC PROGRAMME UPDATE

- 5.1 Universal Credit claim uptake continues at a slower pace and, by the middle of November 2017, there were 4088 UC claimants in Inverclyde. More than a third of UC claimants had earnings included in the latest assessment of their claim, the highest level to date. The DWP estimate 9021 households, around 23% of homes in Inverclyde, will have one or more UC claimants when the roll out is complete.
- 5.2 Advice Services are being presented with an increasing range of complex and time consuming new issues and appeals. 88 Crisis Grants were awarded to UC claimants in December 2017 and Housing Associations report that 1115 of the 1498 tenants claiming UC have rent arrears. Housing Associations have arranged for almost 30% of those in arrears to have their housing costs paid directly.
- 5.3 Universal Credit Scottish Choices were introduced from the beginning of October providing new UC claimants the choice of twice monthly payments and the choice to have the housing element of UC paid directly to their housing association or landlord. The number of UC claimants taking up these options has not been published. Claimants in receipt of UC before October 2017 are expected to be offered these choices by the end of January 2018.
- 5.4 A package of £1.5bn new measures was announced in the Westminster autumn budget to be introduced by spring 2018 to relieve hardship and the accumulation of rent arrears. The Universal Credit Programme Director General wrote to council Chief Executives outlining the measures which officers view as positive and should reduce the pressure on the Scottish Welfare Fund, rent arrears and rent due to the Homelessness Service (Appendix 1).
- 5.5 A re-launch of budgeting support services provided by Future Skills aims to address the low take-up of the service. It is expected that higher UC advance payments will make the offer more appealing with claimants having access to a payment at the start of their claim reflecting the amount they can expect going forward. This will enable them to set a budget and organise their finances with more certainty.
- 5.6 A survey of UC claimants will be organised in the coming months capturing customers' experience of UC with the objective of understanding how services should prepare for ongoing and future support as UC expands in Inverclyde.
- 5.7 New benefit claimants who have three or more children will claim Housing Benefit and Tax Credits until February 2019 (previous interim arrangements were until November 2018). This is in line with the slowdown in the expansion of UC Full Service rollout which is extended from September 2018 to December 2018. 31 Housing Benefit claims have so far been made in these circumstances. The plan to migrate legacy benefits to UC by 2022 remains unchanged.
- 5.8 Local DWP officers report a successful move of the Port Glasgow office to Greenock with no problems or difficulties being reported by claimants. A Work Coach will provide an outreach service from 7 ½ John Wood Street for those with more complex needs and is in the process of identifying claimants expected to require the service. The same Work Coach will carry out a similar role within the Homelessness service. Future Skills who previously met UC claimants to help them make and maintain their claims in the Port Glasgow jobcentre are instead using 7 ½

John Wood Street and the St Stephens Enterprise Centre. Local services sense that UC claimants will encounter difficulties managing their online accounts however DWP so far have no evidence of this being problematic.

6.0 DHP AND SWF

- 6.1 Appendix 2 shows that £954,162 in Discretionary Housing Payments has been awarded or has been committed to be paid to those whose Housing Benefit or Universal Credit had been reduced by the SSSC. 99.12% of Housing Benefit restrictions have been mitigated by DHP and officers continue to work closely with Housing Associations who support their tenants applying for support.
- 6.2 Homelessness Service users whose help with housing costs through UC is paid at the same rate as those living in mainstream housing have been assisted up to December 2017 by DHP amounting to £113,000. Demand to year end is expected to be a further £38,000. Payment to other claimants who need assistance with housing costs, affected by the Benefits Cap and those coping with financial hardship for other reasons, is projected to result in the non-SSSC budget £164,500 being exceeded by £81,000.
- 6.3 Greater demand continues to be placed on the Scottish Welfare Fund with 20% more Crisis Grants being approved and an increase in expenditure of £62,000 since April 2017 compared with the same period last year. Community Care Grants are comparable with 2016/17. Appendix 3 shows that on average, 84 applicants each month receive Community Care Grants of £521 and 212 Crisis Grants are paid, averaging £97. Scottish Welfare Fund expenditure exceeds the Scottish Government allocation by 14% but remains within budget due to the allocation of £100,000 from the Welfare Reform recurring budget and a residual underspend from previous years of £60,000.

7.0 OTHER MATTERS

- 7.1 The Scottish Welfare Fund has not as yet been required to mitigate the removal of the Universal Credit housing element from those aged 18 to 21 years who do not meet exemption criteria.
- 7.2 The Social Security (Scotland) Bill continues its passage through the parliamentary process and is due to be enacted in the coming months. The next communication from the Scottish Government about local service provision is expected by the spring.

8.0 EXTERNALLY FUNDED PROJECTS

- 8.1 In February 2016 the Committee agreed an initial two year allocation of funding (until March 2018) from earmarked reserves to a number of 3rd sector organisations to help support Inverclyde residents to mitigate the impacts of on-going welfare reform changes.

Evaluation of these projects has been ongoing with agreement at the September 2017 Committee to extend three of these projects (Financial Fitness; Starter Packs and IHeat £75 for 75 fuel poverty project for the Elderly) for a further year until March 2019 from the Anti-Poverty Fund. It is proposed to further extend Starter Packs and the IHeat £75 for 75 fuel poverty project to 31 March 2020 at a total cost of £60,000.

- 8.2 Officers have now met with the other individual organisations to determine further progress against their outcomes and have made recommendations as outlined below based on the their progress:

Future Skills - It is recommended that a two year allocation of £45,000/year, until March 2020 be awarded to River Clyde Homes (on behalf of Inverclyde Housing Associations Forum (IHAF)) to continue the Future Skills project which supports clients with digital skills and budgeting advice related to Universal Credit (UC). This reflects a decrease in the previous funding from £78,000 in 2017/18 but reflects the fact that Future Skills now also receives funding through the Council's contract with DWP for Universal Credit support and from the local RSL's.

- 8.3 Inversavers - This was a two year funded pilot (£19,000/year) to establish a pupil run credit union bank in all secondary schools and additionally open a credit union savings account for all S1 pupils with a £10 deposit for each pupil. Based on the information gathered, 4 of the Secondary Schools are engaged with the process to establish a credit union in their school, with these schools at various stages of implementation and development, in addition two primary schools are collaborating with staff from Tail O'the Bank to establish a whole school credit union and discussing how they can encourage parents from the school to open a credit union savings account. The information suggests that engaging with the young people in Primary 7 or in S1 to open an account has had a limited degree of success. Only 250 accounts were opened in year one and 171 in year two, against the expected outcome of 800 accounts in each year. At this moment in time only a small amount of pupils are saving using the Inversaver's Project to regularly save money. The information gathered suggests that the £10 deposited into the account has not initially been the incentive to open an account. Feedback from other areas in Renfrewshire and Lanarkshire has confirmed our findings that offering the £10 financial incentive to open the credit union account has not been particularly successful. However, it has been beneficial to the schools to receive advice and assistance from Tail O' the Bank Credit Union and there is a need to ensure that all 6 secondary schools are able to continue raising awareness of credit unions with the potential to consider pupil run credit unions in future. To continue the credit union and financial capability work in schools will require a recurring funding commitment of around £9,000/year and discussions with relevant officers in education are ongoing and this will be subject to a future report. It is hoped to develop volunteering opportunities in the Tail O' the Bank Offices for those young people who volunteered in the schools.
- 8.4 IHeat Child Fuel Poverty - It is not recommended to continue to fund this pilot project. This was 2 year funding (£20,000/year) allocated to IHeat to provide a comprehensive fuel poverty mitigation programme to the pre 5 centres and nurseries within the more deprived communities. Take up from families through the programme has been disappointingly very low, with IHeat and colleagues in education services and partner organisations working together in a number of different ways to try and encourage families to engage. IHeat will continue, through their generic programme delivery, to support pre 5 families with fuel poverty issues and concerns.
- 8.5 ICOD/CVS - it is not recommended to continue to fund this project. Previously funding (£60,000/year for two years) was allocated to ICOD (Inverclyde Council on Disability) to provide welfare benefit support to clients with disabilities and also support clients with attendance at benefit medicals. From 1 August 2017 ICOD ceased to exist, therefore the funding allocation for these outcomes was allocated to CVS Inverclyde for the remainder of 2017/18, with the intention to wind down the service delivery and direct clients to other generic advice provision within Inverclyde. Discussions are ongoing with partners to develop other options of support with attendance at medicals through advocacy and the use of volunteers.
- 8.6 Inverclyde Advice and Employment Rights (IAER) - It is not recommended to continue to fund this project. IAER were previously allocated funding of £45,000 over the two year period until March 2018 to provide specialist employment support advice and representation to clients who are in work with priority given to those covered by the Equalities Act, who are or are likely to be affected by the changes to the requirements of Universal Credit conditionality, including in-work conditionality. IAER were unable to deliver the service due to a lack of referrals and demand for this specific new service, therefore the funding was not required to be allocated and clients will be continue to be seen as part of their generic service.
- 8.7 There is a report elsewhere on this agenda providing information in respect of the various Advice Services provided within Inverclyde. In light of potential funding reductions for some of these bodies, including Council services, it is proposed that an Independent Review of Advice Service provision is carried. An allowance of £12,000 from the Anti- Poverty Fund is estimated to be required.
- 8.8 A separate report on the agenda updates the Committee on the current position of the Anti-Poverty Fund and the implications if proposed savings are approved by the Council as part of the 2018/20 Budget. It is expected that proposals to allocate funding to support further time limited initiatives will be considered as part of the 2018/20 Budget.

9.0 IMPLICATIONS

9.1 Finance

The proposals in section 8 of the report will require the allocation of a further £162,000 from the Anti-Poverty Fund.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
Anti-Poverty Fund	Payments to other Bodies	2018/20	162		

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
N/A					

9.2 Legal

There are no legal issues arising from this report.

9.3 Human Resources

There are no HR issues arising from this report.

9.4 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.

9.5 Repopulation

There are no repopulation issues arising from this report.

10.0 LIST OF BACKGROUND PAPERS

10.1 None



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for Work &
Pensions

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For the attention of:
Chief Executives,
Revenue and Benefits Managers
GB Local Authorities

23 November 2017

Dear Colleague

UNIVERSAL CREDIT

Yesterday in his Budget speech the Chancellor set out a series of changes designed to address the issues raised recently about Universal Credit. Today the Secretary of State has made a statement to Parliament on these measures and a number of other changes we will be making to the system. This letter summarises the changes for councils/stakeholders and the implications for the roll out plan for Universal Credit.

Four main changes were announced. The first involves tackling the fact that short stays in Temporary Accommodation cannot be reflected in Universal Credit monthly assessments. This issue was raised by councils first onto Universal Credit Full Service, like Croydon and I am grateful to those councils for working with us, over the last few months, on the solution. What Ministers have decided to do is to legislate for stays in Temporary Accommodation to be paid through Housing Benefit. This change requires secondary legislation to be passed by Parliament and we hope to have the regulations in place by April 2018. This change ought to address the financial concerns raised by councils,

The other changes concern the first assessment period and the issues faced by claimants at the start of their claim. First, the 7 waiting days will be abolished. Subject to the passage of legislation we will introduce this change in February 2018. Second, we will, again subject to the passage of the necessary legislation, introduce from April 2018 a transition to Universal Credit housing payment of two weeks for anyone transferring across from Housing Benefit. That will provide additional help claimants and landlords in the first Assessment Period. Third, we will extend the period of repayment for new advances to 12 months and allow claimants to receive up to 100% of their notional entitlement. This change does not need enabling legislation and we will implement it from January 2018.

All these changes, taken together provide additional help in the first assessment period as claimants move onto Universal Credit and address the budgeting issues affecting a minority of claimants. As many councils have been lobbying for change I hope they will be welcomed.

As people who run projects and programmes yourself, you will recognise that these changes involve a change of scope. In order to accommodate those the Secretary of State today has announced two changes to the published roll out plan.

First, in order to make the necessary system changes for the Universal Credit Full Service I have had to defer for three months the development of some features designed to support the expansion at 60 jobcentres a month from February. Accordingly for three months from February we will expand the UCFS at a revised rate of 10 jobcentres a month, then 41 in May and then to around 60 a month thereafter, with a break for August, as normal, before completing national coverage by the end of December 2018. For many councils this will mean a slight change to the date you will join UCFS, full details are attached at Annex 1.

Second, the Universal Credit Live Service, which is being steadily replaced by the roll out of the Full Service, has a very limited shelf-life ending in December 2018. It would not represent value for money for taxpayers to invest in the system changes, required by these policy announcements, for such a short duration. Accordingly I have agreed with Ministers that in Live Service areas we will curtail the flow of new Universal Credit cases from the end of December. Whilst this will not affect any existing claimants already on Universal Credit it will mean that any new claims will, until UCFS is commenced locally, be made to legacy benefits and tax credits.

We shall of course, for those councils affected, follow up with local discussions about how to implement this change smoothly and amend the necessary guidance on gov.uk. And making extra funding available for the additional costs of administering these changes under new burdens principles.

I hope this is helpful and you can see how we have responded to feedback and the learning derived from those councils first onto Universal Credit. I look forward to working with you all on completing the roll out of Universal Credit to this revised timetable. If you have any queries please do not hesitate to get in touch.

Yours Sincerely



Neil Couling
Director General
Universal Credit Programme

Discretionary Housing Payments
Position 31.12.17

<u>1/ SSSC (Bedroom Tax)</u>		
Applications Approved	1617	94.07%
Applications Not Eligible/Refused	55	3.20%
Applications Being Assessed	47	2.73%
	<u>1719</u>	
	<u>£000</u>	
Paid to Date	954162	Note 1
2017/18 Budget	975421	
(Under)/Overspend	<u>(21259)</u>	
<u>2/ Other DHP Cases</u>		
	<u>£000</u>	
2017/18 Budget	164451	Note 2
less : Payments to 31/12/17	207825	Note 3
(Under)/Overspend	<u>43374</u>	

Notes

- 1/ Represents 99.12% of those households known to be affected by SSSC.
 - 2/ Includes £40k from the Welfare Reform recurring budget
 - 3/ Includes £19k Benefit Cap, £134k Temporary Accommodation and projection to year end.
- Finance Services
31/12/2017

Scottish Welfare Fund
31st December 2017

Calls Answered	7794		
Applications	3952		
Applications Granted	2645	66.93%	
Applications Refused	653	16.52%	Note 3
Applications Withdrawn	597	15.11%	
In Progress	57	1.44%	
Referrals to DWP	214		Note 2
	<u>Spend</u>	<u>Budget</u>	<u>Spend</u>
	<u>£000</u>	<u>£000</u>	<u>%</u>
Crisis Grant paid (1910)	184.9	318.2	58.11%
Community Care Grants paid (758) (includes 23 applications paying both CCG & CG)	393.9	519.2	75.87%
	<u>578.8</u>	<u>837.4</u>	69.12%

Note 1 1st Tier Reviews waiting decision = 3
 1st Tier Review decisions = 45 (1.36%)
 1st Tier Reviews upheld in customer favour = 14 (31.11%)
 2nd Tier Reviews = 5 (as % of 1st tier decisions: 11.11%)
 2nd Tier Reviews upheld in customers favour = 2 (40.00%) 2 awaiting SPSO response

Note 2 Referrals to DWP are the number of customers who are awaiting payment of a new claim for Universal Credit from DWP. In these circumstances an application can be made for a UC advance, which is repayable to the DWP.

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 £677,475 to which is added £100,000 allocation from the Welfare Reform recurring budget and a residual underspend from previous years of £60,000