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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>17 September, 2019</b>
<b>Report By:</b>	<b>Chief Financial Officer</b>	<b>Report No:</b>	<b>FIN/85/19/AP/FM</b>
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<b>Subject:</b>	<b>Welfare Reform Update</b>		

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## 1.0 PURPOSE

- 1.1 The purpose of this report is to provide an update to the Committee on recent developments in respect of Welfare Reform.

## 2.0 SUMMARY

- 2.1 The number of Universal Credit claimants increased to 5900, the highest level to date. The DWP is taking a slow and measured approach to moving people from legacy benefits with the "Move to UC" project which commenced in Harrogate in July 2019. In the meantime policy amendments and legal challenges are taking effect; the report contains the most recent.
- 2.2 SWF is projecting an overspend against resources allocated by the Government. Indications in the first 4 months are that this is to a lesser degree than in previous years. The overspend will be contained in the extra £100,000 allocated annually by the Council to support SWF payments. DHP applications under new categories introduced as a result of an increased allocation are being promoted actively through the Financial Inclusion Partnership.
- 2.3 A Menu for Change: Cash, Rights, Food project funded by Oxfam, Child Poverty Action Group in Scotland amongst others, examined the delivery of the Scottish Welfare Fund and the role it plays for those who run out of money for food. Inverclyde's SWF service is one of 3 Councils whose performance is in the top set of 5 of the report's 6 performance measures. Inverclyde's performance and how it compares against the key findings and recommendations are included in the appendices.
- 2.4 Social Security Scotland continues to introduce new devolved benefits and grants with the Young Carer Grant and Funeral Expense Assistance in the coming months. Best Start Grant data has been published and is contained within the report.
- 2.5 Expanded qualifying criteria for Education benefits have been introduced. At 31 July 2019, 194 additional families (300 pupils) received School Clothing Grants of £145, the highest grant in Scotland, and Free School Meals as a result of the raised income threshold.
- 2.6 Five organisations external to the Council were supported by the Anti-Poverty fund of £147,000 during 2018-19. Outcomes from the funding are contained within the report

## 3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee notes the latest update regarding the impact of Welfare Reform within Inverclyde.

**Alan Puckrin**  
**Chief Financial Officer**

## **4.0 BACKGROUND**

- 4.1 Inverclyde became one of the first areas in Scotland to implement Universal Credit Full Service (November 2016). The Committee has received reports each cycle on the impact of this and other Welfare Reforms.
- 4.2 The Council leads a multi-agency Welfare Reform Project Board and the updates to the Committee contain matters discussed and progressed by officers.

## **5.0 UNIVERSAL CREDIT**

- 5.1 There are 5918 UC claimants in Inverclyde as of July 2019, the highest level to date (Appendix1).
- 5.2 Since the last update report, the "Move to UC" pilot to move people from legacy benefits to Universal Credit started in Harrogate and will run until late 2020. DWP is taking a distinctly cautious approach, working with local services to identify and ask legacy benefit claimants to participate in the pilot to get ready for Universal Credit and then to be invited to claim. Preparing for UC includes tackling literacy, budgeting and other related needs to ensure a smooth transition. A review will be carried out when 100 new UC claims have been made. Expansion processes will be developed based on the Harrogate experience and will be developed further when the project moves to other areas with different demographic structures and different local provision. Evaluation of 10,000 cases will be reported to Parliament. The new proposed end date for the full UC programme including a new 6 month "contingency period" is June 2024.
- 5.3 People who received the severe disability premium (SDP) before they moved to Universal Credit lost up to £405 each month. Following successful legal challenge, Regulations are now in place to address the loss and make compensatory Transitional Payments that reflect the SDP to which they were previously entitled and covering the time that has elapsed since. Claims will be worked on in date order and DWP estimates that approximately 45,000 claimants will receive this support, worth an estimated £600 million over the next six years. The National Association of Welfare Rights Advisors has written to the Director General of the Universal Credit Programme expressing concern however about Transitional Payment not fully compensating for losses incurred in some situations, citing an example of a monthly shortfall of £68.
- 5.4 Prior to 15 May 2019, couples where one party reached the qualifying age for State Pension Credit could claim Pension Credit and pension age Housing Benefit or they could choose to remain on working age benefits if they were better off doing so. This choice has been removed meaning mixed age couples must instead claim Universal Credit until the younger of the 2 reaches pension age. The Institute for Fiscal Studies expects that once the policy is fully in place, households will lose on average £4,500 per year, saving the Government just over £1 billion a year. Couples with active Pension Credit and pension age Housing Benefit claims before 15 May 2019 are protected from the new rules and can continue to claim these benefits for as long as their circumstances remain the same. The numbers affected this year are expected to be low but will increase over the next few years as the qualifying age for state pension increases. Eligibility and payment of State Retirement Pension remains unchanged.
- 5.5 DWP statistics, 'Child Tax Credit and Universal Credit claimants: statistics related to the policy to provide support for a maximum of 2 children, April 2019', were published on July 31 2019. The figures show that almost 600,000 children are living in households affected by the two-child policy, limiting reserved welfare benefit support to 2 children. The number of affected households is 161,000; 59% were classified as 'in work' households; and 40% were single adult households.
- 5.6 On 1 August 2019 a further set of DWP statistics was published, 'Benefit Cap: number of households capped to May 2019.' There are 25 Housing Benefit claimants in Inverclyde whose benefit is capped and "up to 30" UC claims. Discretionary Housing Payment is available to help with housing costs and it continues to be promoted actively by the Housing Benefit service and the Financial Inclusion Partners.

## **6.0 DISCRETIONARY HOUSING PAYMENTS**

- 6.1 Appendix 2 shows that expenditure on the Social Sector Size Criteria up to 31 July 2019 was £1.047 million exceeding the Scottish Government's projection by £0.015 million. The Scottish Government is committed to meeting the shortfall.
- 6.2 The allocation for other purposes for 2019/20 increased by 48% to £178,355. New DHP categories were introduced following agreement by Members in May 2019 increasing the qualifying threshold for excess weekly income above essential expenditure from less than £20 to less than £50 and supporting private rented sector claimants subject to Local Housing Allowance restrictions who are in "exceptional circumstances". Total expenditure on DHP for other purposes at 31 July 2019 was £89,000. Applications approved within the new categories is low but is expected to increase since being promoted throughout the Financial Inclusion Partnership.

## **7.0 SCOTTISH WELFARE FUND**

- 7.1 Appendix 3 shows that expenditure to date was £228,000. The service anticipates spending all of the 2019/20 core allocation (£670,985) supplemented by an element of the £100,000 annual funding allocated by the Council. Officers will continue to monitor the level of the supplementary Council funding for SWF.
- 7.2 The delivery and administration of the Scottish Welfare Fund was examined by "A Menu for Change: Cash, Rights, Food", a three year project funded by Oxfam, Child Poverty Action Group in Scotland amongst others, aimed to improve Scotland's response to food insecurity. The project's overarching objective is to support a reduction in the need for emergency food aid by encouraging national and local action to prevent food insecurity and enhance and evolve the response for those experiencing crisis.
- 7.3 The project published the report "The Scottish Welfare Fund: Strengthening the Safety Net; A Study of Best Practice" which concludes that the best way to do this is to promote and improve the accessibility of high quality advice services and cash-based responses available to those who run out of money for food.
- 7.4 Senior managers, team leaders and decision makers within 11 Councils including Inverclyde were interviewed to get an in-depth understanding of how each SWF is organised and administered. The project supplemented these findings with data published by the Scottish Government. Councils were categorised into one of 3 groups according to the size of their service. Inverclyde is the top performing Council in the largest group of 23 Councils and is one of 3 Councils whose performance is in the top set of 5 of the 6 performance measures.
- 7.5 The report concludes that there is a clear shortfall in administrative funding provided to local authorities by the Scottish Government and without additional funding local authorities will be unable to administer their funds appropriately or offer a high-quality service to some of the most vulnerable people in Scotland. Furthermore, it highlights that if local authorities are going to advertise and remove all existing barriers to people applying for crisis support, the programme budget will undoubtedly require further investment due to the anticipated increased demand.
- 7.6 Inverclyde Council recognises the necessity of the SWF and has supplemented administration funding by £49k and programme funding by £100k on a recurring basis.
- 7.7 Appendix 4 shows Inverclyde's performance and how it compares against the key findings and recommended actions from the report.

## **8.0 SOCIAL SECURITY SCOTLAND**

- 8.1 The Scottish Government released Best Start Grant data covering the period from the launch of the new grants in December 2018 up to 31 May 2019. There were 560 approved applications for Inverclyde residents with payment of £103,800 for the Pregnancy and Baby Payment and £73,500 Early Learning Payment. The School Age Payment will be reported in the next release of

statistics.

- 8.2 The Scottish Government will introduce by Autumn 2019 a Young Carer Grant (YCG) - an annual one off payment of £300 to all 16 to 18 year olds who spend 16 hours or more a week caring for people entitled to qualifying disability benefits. The definition of care encompasses examples of emotional and psychological aspects of care and enables young carers to combine hours spent caring for up to three cared for persons in order to satisfy the 16 hour requirement. The Scottish Government is investing £600,000 to support nearly 2000 young carers in Scotland in 2019/20.
- 8.3 On 26 June 2019 the Communities Secretary made a statement to the Scottish Parliament outlining the intention to bring forward the introduction of a proposed Income Supplement for low income families to be known as the Scottish Child Payment (SCP). The payment is to be made for children less than 6 years by March 2021 and to all eligible children aged less than 16 years by the end of 2022. The qualifying criteria for the new benefit is wide and will be £10 per week, per child, to be paid on a monthly basis. There will be no cap on the number of eligible children in a family. The Scottish Government has acknowledged the need to engage with DWP and the Treasury to confirm the payment will not be off-set by reductions elsewhere in the UK benefits system. The policy is costed at £180 million and projected to lift 30,000 children out of relative poverty and increase the incomes for tens of thousands more families. The introduction of the SCP will require a short delay to the timetable for the completion of the delivery of all devolved benefits from 2024 to 2025.
- 8.4 Social Security Scotland is running a series of roadshows throughout August for the new Funeral Expense Assistance (FEA). This will provide a one off payment to help people on low income benefits with a contribution towards the cost of a funeral. It will replace the Department for Work and Pensions Funeral Payment in Scotland. The roadshows will look at the application process, a Q&A session as well as the engagement approach.

## **9.0 FINANCIAL ADVICE & SUPPORT**

- 9.1 The Universal Credit Support Service provided by East Renfrewshire's Citizen Advice Bureau on behalf of the DWP has been in place since 1 April 2019. Referral pathways are in place and feedback from services and partner organisations has been positive. Uptake has been low in line with the slow increase in the local UC caseload.
- 9.2 The Citizen's Advice Scotland financial health check service has been renamed the "Money Talk Team" and is available to help low income families in Inverclyde with basic debt advice, benefit uptake advice and money and budgeting advice. The service operates a drop in service at Your Voice. Uptake of the service has been low but is expected to increase following a planned re-launch in the coming months.
- 9.3 Citizens Advice Scotland has rolled out an EU Citizens Support Service funded by both the UK Government and Scottish Government to help EU, EEA and Swiss Nationals stay in Scotland after Brexit. Applications must be made to the EU Settlement Scheme to continue living in the UK after 30 June 2021. A dedicated advisor based at East Renfrewshire's Citizens Advice Bureau will provide outreach in Inverclyde with a base in Your Voice to help people who have difficulty accessing an android mobile phone, have limited access to the internet, find it difficult to get the evidence needed to apply, are at greater risk due to personal circumstances or have specific immigration or residency issues.

## **10.0 FREE SCHOOL MEALS AND SCHOOL CLOTHING GRANTS**

- 10.1 As part of the approved 2019/20 Revenue Budget, the Council took decisions to expand the provision of Free School Meals (FSM) as from August, 2019. The approved proposals were to provide FSM to all Primary 4 pupils and to raise the entitlement to FSM and School Clothing Grant (SCG) to include those with net earnings of £915/month. Application forms were distributed to every pupil and pre-school child and coverage of the expanded qualifying criteria was carried by the local press and promoted on social media. At 31 July 2019, 194 additional families (300 pupils) received School Clothing Grants of £145, the highest grant in Scotland and Free School

Meals as a result of the expanded income threshold. Applications for senior pupils are pending confirmation of their return to school. Application forms can be obtained by those still to apply from the Customer Service Centre.

- 10.2 Officers continue to pursue the ambition to automate the payment of school clothing grants and remove the need for families to apply for free school meals. The Council would like to re-use information provided by the Department for Work & Pensions (DWP) for Council Tax Reduction purposes to do this. The DWP has given verbal agreement but final confirmation is needed from Her Majesty's Revenue and Customs (HMRC).

## 11.0 ANTI POVERTY FUND

- 11.1 Five organisations external to the Council were supported by the Anti-Poverty fund during 2018-19:

Organisation	2018-19 £000
Financial Fitness	30
Starterpacks	20
Future Skills (River Clyde Homes)	45
IHEAT	40
Inverclyde Foodbank (I58 Project)	12
Total	147

- 11.2 Financial Fitness:

- To provide a generic welfare rights advice service to Inverclyde residents; and
- Provided 600 client interventions in the financial year.

### Starter Packs:

- Provide packs of basic household items to vulnerable clients, setting up new tenancies; and
- Provided 140 vulnerable clients each year with packs.

### Future Skills:

- Provided one-to-one digital skills support to 216 Inverclyde residents; and
- One-to-one budgeting advice and support to 54 Inverclyde residents.

### I58 Food Bank:

- Over 2018-19, 4,345 food vouchers were issued to households, equating to a cost to Inverclyde Council of £2.76 per household; and
- Of the 4,345 vouchers issued to households, these were to support 7,634 household members. Of these household members, 73.5% were adults and 26.5% were children. This equates to a cost of £1.57 per household member.

### The Wise Group:

- Two hundred customers via energy advice home visits; and
- Continued the '£75 for 75' project to provide payments to Inverclyde residents over 75 who are in fuel poverty or fuel fear and Emergency Fund.

## 12.0 IMPLICATIONS

### 12.1 Finance

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

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

### 12.2 Legal

There are no legal issues arising from this report.

### 12.3 Human Resources

There are no HR issues arising from this report.

### 12.4 Equalities

Has an Equality Impact Assessment been carried out?

Yes

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.

### 12.5 Repopulation

The Council's positive approach to the impact of Welfare Reform will assist with the Council's repopulation agenda.

## 13.0 CONSULTATIONS

13.1 None

## 14.0 LIST OF BACKGROUND PAPERS

14.1 "A Menu for Change: Cash, Rights, Food" funded by Oxfam, Child Poverty Action Group in Scotland amongst others: copies available from Carolyn McLellan/Laura Aitchison, Finance Services or see <https://www.inverclyde.gov.uk/menu-for-change>

Universal Credit - Inverclyde Council

	No. of UC claimants	% of UC claimants with earnings	No. of UC claimants with Council Tax Reduction	No. of UC claimants awarded SWF Crisis Grants
<b>Jun-18</b>	5240	32%	2408	135
<b>Jul-18</b>	5397	32%	2526	125
<b>Aug-18</b>	5527	32%	2607	176
<b>Sep-18</b>	5640	33%	2647	156
<b>Oct-18</b>	5718	33%	2657	127
<b>Nov-18</b>	5804	34%	2690	172
<b>Dec-18</b>	5753	35%	2725	118
<b>Jan-19</b>	5768	34%	2800	198
<b>Feb-19</b>	5597	29%	2823	151
<b>Mar-19</b>	5611	28%	2969	148
<b>Apr-19</b>	5680	28%	3098	142
<b>May-19</b>	5707	28%	3155	153
<b>Jun-19</b>	5749	27%	3134	130
<b>Jul-19</b>	5918	27%	3206	134

Notes

1. No. of UC claimants is the number of individuals in receipt of Universal Credit either individually or as part of a couple

**Discretionary Housing Payments**  
**Position 31.07.19**

<u>1/ SSSC (Bedroom Tax)</u>		
Applications Approved	1421	91.38%
Applications Not Eligible/Refused	101	6.50%
Applications Being Assessed	33	2.12%
	<u>1555</u>	
	<u>£</u>	
 Paid to Date	 1046765	 Note 1
 2019/20 Budget	 1031380	 Note 2
(Under)/Overspend	<u>15385</u>	
 <u>2/ Other DHP Cases</u>		
	<u>£</u>	
 2019/20 Budget	 178355	
less : Payments to 31/07/19	<u>88795</u>	Note 3
(Under)/Overspend	<u>(89560)</u>	

Notes

- 1/ Represents 99.29% of those households known to be affected by SSSC.
- 2/ Estimate of liability; Scottish Government will meet expenditure in full.
- 3/ Includes £15k Benefit Cap

Finance Services  
31/7/19

**Scottish Welfare Fund**  
**31<sup>st</sup> July 2019**

Calls Answered	3412		
Applications	2070		
Applications Granted	1083	52.32%	
Applications Refused	505	24.40%	Note 3
Applications Withdrawn	416	20.09%	
In Progress	66	3.19%	
Referrals to DWP	58		Note 2
	<u>Spend</u>	<u>Budget</u>	<u>Spend</u>
	<u>£000</u>	<u>£000</u>	<u>%</u>
Crisis Grant paid (780)	69	264	26.14%
Community Care Grants paid (337) (includes 34 applications paying both CCG & CG)	159	507	31.36%
	<u>228</u>	<u>771</u>	29.57%

**Note 1** 1<sup>st</sup> Tier Reviews awaiting decision = 3  
 1<sup>st</sup> Tier Review decisions = 22 (1.39%)  
 1<sup>st</sup> Tier Reviews upheld in customer favour = 14 (63.64%)  
 2nd Tier Reviews = 3 (as % of 1<sup>st</sup> tier decisions: (13.64%)  
 2nd Tier Reviews upheld in customers favour by SPSO = 1 (50.00%) Note 5

**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 low income or incomplete evidence provided.

**Note 4** Core Budget is £670,985 to which is added £100,000 allocation from the Anti-Poverty recurring budget.

**Note 5** 1 decision was based on additional information sourced by SPSO which was not available to Discretionary Payments Team at the point of the original application or 1<sup>st</sup> tier review stage.

## Appendix 4

A Menu for Change: The Scottish Welfare Fund: Strengthening the Safety Net

Inverclyde Council: Crisis Grant Performance (2017/18)

### 1.0 Quantitative Measures

<b>Indicator</b>	<b>Measure</b>	<b>Approach</b>	<b>Scotland Average</b>	<b>Inverclyde Council Performance</b>	<b>Inverclyde Council Ranking*</b>
Decision making times	Decision no later than the end of the next working day	Ranked based on the ratio of same day decisions to overall decisions.	67%	98%	5
Average award	The average value of Crisis Grants	Ranked based on the average value of awards	£76.84	£97.62	2
Repeat Applications	Repeat applications within 2 months of the initial application	Ranked based on the percentage of repeat applications	29%	21%	2
Successful Appeals	No. of review requests to the SPSO	% of review requests upheld in favour of applicant	35%	100%	11
Accessibility	Application methods	No. of ways to apply advertised on council websites	n/a	4	2
Onward Referrals	Referrals to other services	% of applicants referred to other services	n/a	99%	3

\*Inverclyde Council was classed as a medium sized service in a group of 23 other medium sized Councils. Inverclyde is the top performing Council in its group and along with Fife Council and Glasgow City Council is one of 3 Councils whose performance is in the top set of 5 of the 6 performance measures.

## Decision making times

The speed with which someone receives their award is important when they are seeking money for food. Inverclyde processed 98% crisis grants on the same day as application. This is 31% above Scotland's overall position of 67%.

## Award Amounts

The average award for Crisis Grants in Inverclyde was £97.62. This is £20.78 more than Scotland's average of £76.84. Clackmannanshire issues the highest average award of £127.00 with Scottish Borders being the lowest with £48.42. Higher award amounts are more likely to adequately meet the need of the applicant. Inverclyde's average award increased with the roll out of Universal Credit because applicants require higher grants to meet their needs over longer periods until their next monthly benefit payment is due.

## Repeat Applications

Inverclyde had 21% repeat crisis grant applications within two months of initial application, which is 8% less than the Scotland average of 29%. Midlothian had the highest with 41% with Orkney having the lowest of 7%. The Scottish Welfare Fund provides money in an emergency and should be sufficient to provide stability until the next scheduled income. A low level of repeat applications indicates that grants are paid at a sufficient level and that applicants have understood the message that SWF cannot be relied on as a source of regular income.

## Successful Appeals

The Scottish Public Services Ombudsman received one review request from Inverclyde in which the applicant's request was upheld. Overall in Scotland, 238 review requests were received with 35% being upheld.

## Accessibility

Guidance states local authorities must make provisions for applications to be made via there delivery channels. According to services advertised on council websites, Inverclyde has 3 application methods when applying for a crisis grant:-

- Phone (local)
- Paper
- Face to face

There are only 7 local authorities offering face to face applications. 24 local authorities offer online applications and two local authorities offer free phone calls.

## Onward Referrals

99% of people applying for crisis grants in Inverclyde were referred to other Services, including money management or financial capability support, welfare rights/benefits maximisation, social work and housing.

## 2.0 Key Findings and Recommendations

Key Finding/ Recommendation		Does Inverclyde Council comply?
1.	When taking crisis grant applications by phone, have the same member of staff take the application and make the award decision	Yes
2.	Not use an "eligibility checker" for online applications	Yes
3.	Re-evaluate what evidence from applicants is deemed to be "essential" and reduce this, where appropriate	Yes
4.	Make active referrals to advice and support services rather than simply signpost people in crisis	An active referral process is being developed in response to this recommendation and is scheduled to be in place by September 2019.
5.	Pay all applicants in cash as opposed to vouchers	Yes
6.	Give all applicants their decision over the phone initially, followed by a written decision	Yes