

Report To:	Policy & Resources Committee	Date: 5 th February 2013
Report By:	Chief Financial Officer	Report No: FIN/01/13/AP/LA
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Subject:	Welfare Reform Update	

1.0 PURPOSE

- 1.1 The purpose of this report is to update Committee regarding the Council's state of readiness in respect of the Welfare Reform changes which begin to take effect from 2013.

2.0 SUMMARY

- 2.1 The November Policy & Resources Committee received a comprehensive report on progress relating to the Welfare Reform issues and associated budget pressures. The Committee agreed to allocate £1.3 million by 2015/16 to help the Council address some of the financial implications arising from Welfare Reform and this has now been built into the 2013/16 budget position.
- 2.2 Progress has been made in a number of areas over recent weeks regarding the various challenges raised by Welfare Reform and these are detailed in the body of the report.
- 2.3 The most challenging area in the short term is the implementation of the Scottish Welfare Fund which requires to be in place by 1st April 2013. The report outlines the approach and risks and also seeks Committee approval for the actions recommended to ensure the Council has an operational scheme by 1st April 2013.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the current position in respect of the Council state of readiness for the impact of the Government's Welfare Reform agenda.
- 3.2 It is recommended that the Committee approve the proposals including procurement of systems and funding for the appointment of staff to ensure that the Scottish Welfare Fund is operational by 1st April 2013.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 The Committee has previously received updates in respect of the Welfare Reform agenda and has approved £1.3 million extra resources by 2015/16 to address the significant financial implications for the Council.
- 4.2 The timescales for implementation of a number of aspects of the Welfare Reform agenda are aggressive and the main focus of Officers is to ensure that any impact on services to the public is minimised.

5.0 COUNCIL TAX REDUCTION SCHEME

- 5.1 Council Tax Benefit will no longer be paid by the DWP from 1st April 2013. The Scottish Government is finalising legislation to replace Council Tax benefit with a Council Tax Reduction Scheme for 2013/14 whilst a more permanent solution is developed.
- 5.2 The Westminster Government has top sliced the amount of funding it will give to the Scottish Government for Council Tax Benefit/Council Tax Reduction by 10% (£40 million) and it has been agreed by Cosla and the Scottish Government that Councils will contribute £17 million to the £40 million reduction for 2013/14 only. Inverclyde Council's share of this contribution is estimated to be approximately £350,000 in 2013/14 however this figure is projected to increase to well over £800,000 in 2014/15 on the basis that the Scottish Government has not indicated it will contribute anything towards this shortfall from 2014/15 onwards.
- 5.3 Significant changes are required to the Council Tax Software system to reflect the move to a Council Tax Reduction Scheme and these changes are currently being tested based on updates supplied by the Council's software supplier, Northgate. The Government is providing £4.156 million one off support for the implementation costs. Inverclyde's share will be agreed in late February.
- 5.4 Annual billing for Council Tax is due to take place in late February and the bills require to reflect this change in legislation. Meetings have taken place with the Council's printing and mailing supplier who has confirmed that this is all on target.
- 5.5 The Scottish Government is yet to confirm the amount and timing of the grant the Council is due to receive to compensate for the loss of DWP Council Tax Benefit Grant. If this is not in place by 1st April 2013 there could be significant cashflow implications for the Council.

6.0 SCOTTISH WELFARE FUND

- 6.1 From 1st April 2013 the DWP will no longer give Crisis Loans or Community Care Grants. The Scottish Government has set up the Scottish Welfare Fund as a replacement to provide Crisis Grants and Community Care Grants and has earmarked £38 million funding for Councils as part of the 2013/14 budget to administer and pay the grants. In addition DWP are providing £2 million for set up costs.
- 6.2 Inverclyde Council's share of the funding allocated has not yet been fully clarified but based on indicative information from Cosla it is anticipated that the Council will receive approximately £730,000 for grant payments, £134,000 for administration in 2013/14 and approximately £40,000 for set up costs.
- 6.3 The previous report to Committee outlined a number of difficulties and challenges which the Council face in order to implement the Scottish Welfare Fund from the 1st April 2013. The two main challenges are:
- (a) Administration of the Fund – Crisis Loans and Community Care Grants are currently administered by telephony service based in Inverness and Officers' intention has been to provide a telephony service for delivery of the Scottish

Welfare Fund to Inverclyde residents. Clearly in order to implement this then suitably trained staff supported by relevant software applications, telephony systems and training requires to be in place no later than late March 2013. This timescale is extremely tight and as a result has significant risks attached bearing in mind that neither the software changes, nor the application forms have been finalised.

- (b) Paying Grants – The Council will not make cash payments for Crisis Grants or Community Care Grants and does not intend to make cheque payments either. Discussions are ongoing with a couple of suppliers regarding how “fast payments” can be made to individuals on a secure and efficient basis. The overriding principles which the Council wants to achieve are security and efficiency. It is believed this can be achieved by 1st April and thereafter officers can look at whether payments in kind could be implemented for aspects of the Community Care Grants in particular.

6.4 It had been hoped that the Council would be able to “piggy back” onto the much larger Glasgow City Council operation however on the 11th January the Chief Financial Officer was advised that Glasgow felt unable to accommodate this request due to their concerns over having a scheme operational for Glasgow alone by the deadline.

6.5 The above is a significant disappointment but Officers had been progressing aspects of an “Inverclyde only” SWF scheme in preparation for such an eventuality. The following outlines with main proposals which have been approved by the Corporate Management Team.

(a) Staff Resources

- Temporary team of up to 6 employees to be created to take calls, assess applications, organise payments, liaise with partners and manage the budgets for both the SWF and Discretionary Housing Payments. Costs in excess of the Administration grant to be met from the £1.3 million funding agreed by Members. Estimated that this will be up to £40,000.

(b) Technology

- Northgate SWF module to be procured.
- Telephone call recording/management system to be procured.
- Electronic Claim form to be integrated with Council's systems.

(c) Making Payments

- Enter into a single supplier agreement (for 12 months with the option to extend) to enable non-cash payments to be made to claimants.

(d) Process

- In line with DWP current practice, meetings in Council Offices to be on the basis of appointment only.
- Appeals process to be developed on the basis of national guidance (once available).
- Reports (no less than quarterly) on progress to be presented to relevant Council Committee.

(e) Communications -

- Publicly Strategy being developed with Corporate Communications and DWP.
- All Member Briefing on final details to take place late March before the next

- 6.6 It should be noted that the Council will also continue to have a role in supporting vulnerable clients complete applications for the Scottish Welfare Fund and this will be carried out largely by Officers in the CHCP as it is at present for applications for the Social Fund. Officers are considering whether this has any implications for the Council.

7.0 HOUSING BENEFITS

- 7.1 As previously reported letters have now been sent out to those households which it is anticipated will be affected by the "Bedroom Tax" and contact points within the registered social landlords were provided for tenants in order that they can discuss any specific issues. Scheduled implementation date remains 1st April 2013.
- 7.2 The Government has announced that the Benefit Cap (which was expected to affect less than 20 households in Inverclyde) has been delayed until September 2013 at the latest.
- 7.3 The Welfare Reforms will put pressure on the Discretionary Housing Benefits budget and whilst extra funding has been allocated by the DWP there are concerns this will not be sufficient and any shortfall will require to be contained by the Council. The Council has discretion to increase the £212,000 DHP grant received from the DWP by a maximum of a further £318,000. There is no specific budget for this and any request to increase DHP spend above £212,000 will require Committee approval.

8.0 UNIVERSAL CREDIT

- 8.1 Previous reports have advised the Committee of the fundamental change which claimants will experience in the move to Universal Credit which is intended to be a single monthly payment directly to claimants.
- 8.2 It is clear that there are delays being experienced at a UK wide level both in terms of the development of software and the progress of roll out. Informal indications are that Universal Credit will not impact in Scotland until 2014 and even then it will be for a small proportion of claimants.
- 8.3 On the positive side this delay affords the Council more time to address the significant challenges being presented by the "digital by default" assumptions on which Universal Credit claims are based but also on the potentially adverse impact on claimants and landlords.
- 8.4 At present the Financial Inclusion Partnership have undertaken an initial assessment of the availability of digital access throughout Inverclyde and this is due to reported to the Welfare Reform Project Board in early 2013. The outcome of this assessment will be reported to a future meeting of the Policy & Resources Committee.
- 8.5 In addition the CHCP and Financial Inclusion Partnership are preparing a paper on the impact on Universal Credit on financial advice services within Inverclyde. This report will be presented to Committee after it has been considered by the Corporate Management Team in March/April 2013 with any financial implications to be contained within the £1.3 million allowance.

9.0 OTHER MATTERS

- 9.1 A Welfare Reform checklist has been issued by the Improvement Service against which Councils can measure their preparedness for Welfare Reform. The Council completed this exercise and identified no significant matters on which it would require Improvement Service assistance however the Council does continue to make good use of the "Knowledge Hub" maintained by the Improvement Service and also peer support from

other Councils.

10.0 IMPLICATIONS

- 10.1 It is recommended that the cost of administering the SWF and DHP Scheme will be £40,000 in excess of the £134,000 grant. This to be contained in the £1.3 million previously approved.
- 10.2 HR will assist in filling the 6 new temporary posts as quickly as possible to ensure that sufficient training can be delivered before 1st April 2013.
- 10.3 There are no equalities impacts at this point in time.
- 10.4 Repopulation – It is important that the Council has a robust and Customer centred response to the Welfare Reform changes as this will assist in reducing the drift of population away from Inverclyde.