

Report To: Policy & Resources Committee **Date:** 26th March 2013

Report By: Brian Moore
Corporate Director
Inverclyde Community Health &
Care Partnership **Report No:**
CHCP-28-2013-HW

Contact Officer: Andrina Hunter, Service Manager
Health Improvement, Inequalities
& Personalisation **Contact No:** 01475 715367

Subject: WELFARE REFORM- ADVICE SERVICES PROVISION

1.0 PURPOSE

- 1.1 The purpose of this report is to update Committee regarding the short term scoping exercise undertaken to identify the impact of Welfare Reform on financial advice services and to seek approval on the recurring financial allocation.

2.0 SUMMARY

- 2.1 Changes to Welfare Reform are already underway and are generating local impact upon Inverclyde Council, its partners and most importantly, its residents. Progress has been made through a number of work streams to respond to the various challenges Welfare Reform is bringing, however the impact on Advice Services has yet to be fully defined.
- 2.2 Funding was allocated at the November 2012 Policy and Resources Committee to help resource the impact of Welfare Reform on Financial Advice Services. In order to support the effective and efficient allocation of this resource, the CHCP commissioned a scoping exercise which determined the impact of Welfare Reform on Inverclyde and the future demand on advice services.
- 2.3 Initial analysis from the scoping exercise indicates that over the 5 year period (2010 to 2015) the reduction in income to Inverclyde is likely to be in the region of £37 million.
- 2.4 In order to ensure our communities are best supported to deal with the new range of reforms, a funding allocation of £200,000 is recommended on a recurring basis to fund a range of support across CHCP Advice Team and the 3rd sector. This report outlines the findings and recommendations from the scoping exercise, the proposed approach and seeks Committee approval.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that Committee consider the issues raised within this report and note the content.
- 3.2 It is recommended that Committee approve the Phase 1 proposals which include funding of staff and other 2013/14 expenditure and note that a report will be presented to Committee detailing the use of the balance.

- 3.3 It is recommended that Committee continue to review the impact of Welfare Reform on Advice Services.

Brian Moore
Corporate Director
Inverclyde Community Health & Care
Partnership

4.0 BACKGROUND

- 4.1 Committee has previously been advised of the main aspects of the UK Government's Welfare Reform Agenda which will impact upon Inverclyde Council from both an operational and financial perspective. Previous reports from the Chief Financial Officer have highlighted the establishment of the Welfare Reform Project Board which is overseeing the implementation of Welfare Reform locally.
- 4.2 However, such is the pace of change, the aim of any report purporting to update the impact of Welfare Reform changes is almost impossible to meet. This is due to the still developing agenda of Welfare Reform. As 2013 progresses so will the pace of Welfare Reform, building upon an already difficult landscape. April 2013 will see the introduction of the Social sector size criteria, commonly known as 'bedroom tax', Scottish Welfare Fund and first claims for Personal Independence Payment (PIP) as a replacement for Disability Living Allowance (DLA).
- 4.3 As this picture continues to emerge, the Council can start to quantify and anticipate demand on existing services. Whilst work has been ongoing to ensure the Council has systems and structures in place internally to deal with the changes to Council Tax; Housing Benefit; The Scottish Welfare Fund and Universal Credit, the impact of these changes and many others is beginning to be felt by recipients and those organisations with a responsibility or duty for providing financial advice and information services.
- 4.4 Findings from DWP and other analysis allow us to anticipate with some degree of certainty increased demand on Advice Services as Welfare reforms continue to be implemented, however we are unable to fully quantify the level of increased demand.

5.0 CURRENT ADVICE PROVISION

- 5.1 The organisations that provide financial advice and support work together through Inverclyde Financial Inclusion Partnership to deliver on the outcomes detailed in the Inverclyde Financial Inclusion Strategy. The partners have tried where possible to develop joint training and awareness programmes and have recently produced a leaflet for inclusion into the Council tax letters mail out which provides information on some of the advice services available for clients, with a particular focus on those with a disability.

Whilst there are a range of organisations (both statutory and voluntary) involved in the Partnership, there are two main advice providers within Inverclyde: the CHCP Advice team and Financial Fitness, whose main remit is to support clients with welfare benefits/money advice support. Both organisations are currently experiencing an increase in demand alongside an increase in more complex presentations seeking advice and support

- 5.2 The CHCP Advice Services team is a staff team of 16.4 wte (1.4wte temp) managed by the CHCP who provide welfare benefits advice; money/debt advice and welfare rights appeals and tribunal representation. In recent months a redesigned service model has been introduced to try to mitigate the demand versus capacity issue by undertaking telephone triage, telephone consultations and drop ins, with 1:1 appointments only used when necessary.
- 5.3 The CHCP Advice services team also provides a Macmillan benefits service (jointly funded at present by the CHCP and Macmillan) to clients diagnosed with cancer. The CHCP has committed to the permanent funding of this service from April 2015. A recent formal partnership agreement has been established with the DWP Pensions Service to better support this increasing caseload of clients.

It has been agreed that the Macmillan service will direct approximately 200 referrals per year for clients over the age of 65 who have been diagnosed with cancer to the Pension service, who will provide financial advice and support.

5.4 Financial Fitness is a voluntary sector organisation who has been providing welfare benefit and money advice services for Inverclyde residents since 1999 and currently has a staffing complement of 9 staff. At the time of this report being developed, Financial Fitness has guaranteed funding from the Big Lottery (until March 2015) to provide debt advice and welfare benefits advice to 600 Greenock Central/East residents each year and funding for one year through the Employability Regeneration work stream to support a further 600 clients. They are awaiting decisions on whether or not further funding streams will continue beyond 31st March 2013:

- Housing Association Funding (currently negotiating) – To provide welfare benefits advice to 800 HA tenants
- CHCP Carers Fund – To provide welfare benefits advice and regular surgeries within the Carers Centre, to 250 carers

If all of these funding streams are awarded, Financial Fitness will still have a funding deficit of around £25,000.

5.5 The Grand Central Savings organisation was introduced into Inverclyde 3 years ago and supports clients by providing basic bank accounts to those clients who previously may have been “unbanked” or excluded. With the advent of Universal Credit in the coming years, Grand Central is keen to introduce other ways of supporting clients to better manage their finances. Grand Central has been funded by Riverclyde Homes and through national funding, with the DWP supporting their premises costs at Nicolson Street through earmarked reserves held by the Council since 2010 until end March 2013. The Council have a lease on the premises until September 2016 and have sub let to Grand Central until March 2013. Grand Central has advised that they wish to stay within the premises and wish to negotiate on the rental cost. Discussions are ongoing with Grand Central regarding their continued presence, delivery model and funding streams within Inverclyde.

6.0 IDENTIFICATION OF FUTURE ADVICE SERVICES DEMAND

6.1 Inverclyde Council has recognised that extra resources will be required to meet the challenges and the impact that Welfare reform will have on the current financial advice service provision, with £200,000 being allocated on a recurring basis by the November 2012 Policy and Resources Committee.

6.2 In order to ensure this additional funding delivers the optimum benefits for the people affected by the current and forthcoming changes, a scoping exercise was undertaken to define what this real and anticipated demand means for the future needs and service delivery of the financial advice and information services. It was envisaged that this scoping work would be short term and produce the following for Inverclyde :

- a statistical review of the changes to the number of people entitled to benefits;
- a review of the likely reduction in amount of benefits received;
- an indication of demand changes for the CHCP Advice Service and other providers;
- identification of timelines for changes and peaks in demand;
- resource implications for advice and information service providers- both staffing and other resource costs;
- a review of the participation of third-sector and other service providers;
- the impact on wider Council and partner organisations services;
- identification of mitigating actions that could be taken by the Council and its partners
- training needs arising from implementation of welfare reform;
- recommendations on what would provide the best response using the funding allocation available.

- 6.3 This scoping report was undertaken as a desk top exercise by a national organisation, Rights Advice Scotland throughout February and March 2013 at a cost of £3000.

7.0 MAIN FINDINGS FROM REPORT

- 7.1 The UK's coalition Government has embarked on a programme of welfare reform that will result in more than £2billion being made in welfare savings over the period 2010-2015. Inverclyde's share of these savings is more than £37million. To date the savings have amounted to some £4million, leaving the remainder to be cut back from household benefit payments over the next three years. (see appendix B attached)
- 7.2 The scale of the changes to welfare is conservatively estimated in this report, drawing as it does on official figures from both UK and Scottish Government agencies and departments. Those hardest hit by the reforms are children, people with disabilities and social housing tenants with all three groups losing upwards of £6million each between 2010-2015.
- 7.3 The biggest benefit changes are for people with disabilities, for people previously deemed unfit for work, for social housing tenants and low income families. All benefit recipients, with the exception of those solely in receipt of state pension, are sharing the experience of seeing the value of their payments fall as a direct result of the switch from RPI to CPI for benefit up rating. And the devaluation is being compounded with the recent decision to limit the up rating of many benefits including Maternity Allowance, Statutory Sick Pay and Housing Benefit to 1% from 2013 and Child Benefit by 1% from 2014
- 7.4 While all of the reforms have the potential to increase demand on advice services, there are three distinct changes that are likely to cause spikes in demand in the period leading up to the proposed implementation of Universal Credit in 2017. The first is the ongoing migration of Incapacity Benefit claimants to Employment Support Allowance, the second is the change to Housing Benefit which takes affect in April 2013 and finally the replacement of Disability Living Allowance with Personal Independence Payments from June 2013. The introduction of the Benefit Cap later in 2013 will also create the need for increased support for a small number of claimants. Universal credit will bring different issues for clients which will require advice services support in the form of navigating the "digital by default" process and also supporting clients to manage their money and budget effectively once the move to monthly payments.
- 7.5 The resource implications for welfare rights and money advice services are clear: already stretched services will be faced with reducing access to assistance-seekers or expanding in order to continue to provide high quality services. Currently for those clients who require support and advice waiting times of up to 4 weeks have been noted. The impact will be felt not just on the advice services, homelessness, addictions and family services will be impacted. It is worth noting that partner agencies such as the Police Service and National Health Service are also braced for the impact of welfare reform.

Benefit	Number Of Claimants Affected	Support Required	Timescale
Migration from Incapacity Benefit to Employment Support Allowance	Upwards of 3,000 claimants still to be medically assessed.	Application for new benefit. Representation at tribunals.	Ongoing
Housing Benefit (bedroom tax)	1600 households affected by average reduction of £12 per week from April 2013.	Income maximisation. Budgetary and general money advice.	April 2013 onwards. Peak expected throughout Summer 2013
Migration from Disability Living Allowance to Personal Independence Payments	All new claimants from June 2013 will be medically assessed. Migration of 4,080 existing working age DLA claimants will begin during this financial year. Migration of 2,830 existing non working age DLA claimants will begin during 2015.	Application for new benefit. Representation at tribunals. Income maximisation. Budgetary and general money advice.	June 2013 onwards October 2013 onwards April 2015 onwards
Benefit Cap	10 families identified	Budgetary and general money advice	October 2013 onwards
Scottish Welfare Fund	Approximately 8,000 claims per year	Assistance with appeals Identification of alternative funding.	April 2013
Universal Credit	All claimants	Assistance with "digital by default" agenda Budget/money advice/debt advice	October 2013 onwards

MAIN RECOMENDATIONS FROM REPORT

- 7.6 The decision in Inverclyde to allocate additional resource funding of £200,000 a year underlines a commitment to service provision. Clearly in the face of an expected significant increase in demand it is vital that maximum value is obtained from the additional funding.
- 7.7 2. While arguments can be made for simply recruiting six new frontline advisers to help deal with the increased demand, this approach is not recommended as it would be unsustainable if demand continued to rise and would be limited in its effect. Instead a more strategic holistic approach is required, building on existing partnerships with internal services and external agencies. More efficient ways of working can be explored as well as taking steps to maximise access to services and reduce duplication amongst advice service partners.

- 7.8 We require adequate numbers of frontline staff to provide the professional expertise required to support claimants. The expected level of increased demand and the need to provide services from a number of office locations suggests that an additional resource of advisers who are able to provide both benefits and money advice is required to be added to the team. Although geographically Inverclyde is fairly small, the use of outreach in community settings should be explored. At present the numbers of appeals and representation cases are continuing to rise therefore an additional resource should be considered to support this provision. It is recommended that in addition to the recommended front line advisors posts, a post is created to take forward the training, development of self management resources and wider awareness raising as required.
- 7.9 Creating a clear role for third sector partners will also deliver benefits and avoid wasteful duplication and unnecessary competition. Service level agreements should be developed for working with the 3rd sector which will detail the level of advice provision and client groups they will be funded to target. To take advantage of the independent status of such partners it would be worthwhile specifically tasking and funding the sector to provide support and advocacy for the new Scottish Welfare Fund.
- 7.10 Linked to a broad referral procedure (including a common assessment form utilised by all the partners) would be the adoption of improved case handling and management information systems for use by the main financial advice providers which would enable reporting on financial advice across Inverclyde. This will enable the mapping of overall increases or changes in demand over time.
- 7.11 Helping to reduce demand by promoting self help packages to individuals and groups who are able and willing to fully engage in the new welfare system is also recommended. The production of template packs (available online and in hard copy) including exemplar letters, forms and hint sheets would be a rewarding investment both in terms of reducing the demands on services and empowering claimants.
- 7.12 Interdepartmental communication should be improved, for example to ensure that when a resident loses benefit, checks are taken automatically to see if that loss can be offset by increases in housing and council tax reduction entitlements. The development of such a process would be cost neutral but would deliver real financial benefits to our residents.
- 7.13 Similarly the promotion of an active and effective financial advice referral process involving the local authority, voluntary sector, Health Board (including GPs) and other partners would increase the opportunity for residents to receive assistance.
- 7.14 Ongoing awareness raising across all public-facing employees of these bodies would be required in order to maximise access for residents. It is noted that whilst this work has already begun it requires to be increased.
- 7.15 Making greater use of external media opportunities can be difficult to establish at first but can be highly effective in extending the reach of advice services. Regular 'Ask an Adviser' columns in local printed media or phone-in slots on local radio need not require expenditure and should be considered.

8.0 PROPOSALS

- 8.1 To acknowledge the impact Welfare reform will have on Inverclyde and in particular the demand it will have on advice services.
- 8.2 To acknowledge that this demand may be difficult to meet however agree the following phased proposed spend in order to try to provide as robust an advice provision as possible within current resources.
- 8.3 To agree the following proposals:

Phase 1

- To create three permanent posts within the CHCP Advice services team. Two full time posts with a remit for both welfare advice and money advice for clients which will enable flexibility to respond better to clients' needs as the move through the current benefit changes to Universal Credit, and one full time permanent welfare rights officer post to help mitigate the increasing number of appeals and tribunal representation that is, and will continue to be seen with welfare reform.
- To develop a full time temporary welfare reform awareness post for a period of two years with a resource budget for development of self help materials, resources for advice services organisations and awareness raising both internally and externally to organisations and the general public across Inverclyde . It is envisaged that this post would work on behalf of the CHCP Advice team as well as the Financial Inclusion Partnership
- To provide a financial allocation to Financial Fitness for 2013/14 which help support their shortfall in funding, for delivery of financial inclusion services (welfare benefits advice) through a robust Service Level Agreement

Phase 2

- Allocate funding to the Financial Inclusion Partnership to develop a Public Social Partnership with the 3rd sector to commission and deliver financial advice services as required in line with the Financial Inclusion Strategy outcomes
- To scope and procure a contract for the provision of a bespoke case financial inclusion case management system which will be utilised internally and across the Financial Inclusion partners as required.
- To scope and procure what specific support will be required to best support clients with the "digital by default" agenda in a range of outreach venues (e.g. IT equipment)(see appendix A)

9.0 IMPLICATIONS

- 9.1 Legal: Nil at this time
- 9.2 Finance:

Phase one costs

Cost Centre	Budget Heading	Budget Year	Proposed Spend this Report	Virement From	Other Comments
	Staffing Cost, Resources Cost and Allocation to third sector organisation	2013/14 £160,000 2014/15 £200,000 recurring	Phase one spend 2013/14- £130,000 2014/15- £114000 2015/16- £117,500		Detailed spend per analysis at Appendix 1

9.3 Personnel:

Recruitment of three permanent posts and one temporary post.
Funding allocated in 15/16 to mainstream Macmillan post

9.4 Equalities:

Welfare Reform will affect our most vulnerable clients in our community therefore a robust advice service is essential to best support them.

9.5 Repopulation:

By supporting clients with appropriate financial advice and support and linking strongly with the employability pathway where appropriate, clients will be supported to stay within Inverclyde.

			2013/14	2014/15	2015/16
PHASE 1					
Staffing	Grade	FTE	£	£	£
Welfare/money advice posts (Indicative costings post requires job evaluation) *		2.00	40,800	49,000	49,000
Welfare Rights Officer *	G	1.00	24,600	29,500	29,500
Welfare Reform Awareness Officer (Indicative costings post requires job evaluation) *		1.00	24,600	29,500	0
Macmillian Welfare Rights officer	G	1.00	0	0	35,000
Resource Allocation					
resources e.g self management resources & awareness raising sessions/materials			10,000	6,000	4,000
Allocation to Financial Fitness			30,000	0	0
TOTAL - PHASE 1			130,000	114,000	117,500
PHASE 2					
Case Management System			20,000	17,000	17,000
Resources to support digital by default agenda					
e.g IT equipment/access to best support clients with the digital by default agenda			0	6000	5000
Allocation to Financial Inclusion Partnership					
Commissioning of Financial Inclusion Services as per Financial Inclusion Strategy			0	60,000	60,000
TOTAL - PHASE 2			20,000	83,000	82,000
Grand Total			150,000	197,000	199,500
Advice Funding Available			160,000	200,000	200,000
Unallocated			10,000	3,000	500

Notes & Assumptions

* Indicates 10 months costs rather than full year

Benefit changes and their impact in Inverclyde

Summary of losses per year directly resulting from welfare reforms 2010-2015

	Claimants at Feb 2012*	Total claimed at Feb 2012	Losses so far	Annual losses from April 2013	Annual losses from April 2014	Annual losses from April 2015	Total losses 2010-15
Disability Living Allowance	6,910	£26,489,070	£105,956	£3,583,321	£3,556,128	£6,100,361	£13,345,766
Income Support	3,260	£169,520	£55,630	£176,235	£358,109	£545,765	£1,135,739
Employment Support Allowance	2,290	£9,740,744	£38,963	£122,967	£249,869	£380,805	£792,604
Incapacity Benefit	3,950	£13,381,810	£53,527	£168,932	£343,270	£523,149	£1,088,878
Jobseekers Allowance	3,030	£9,704,120	£38,816	£122,505	£248,930	£379,373	£789,624
Carers Allowance	1,030	£2,949,014	£11,796	£24,512	£37,832	£51,777	£125,917
Attendance Allowance	3,120	£10,449,878	£41,800	£86,859	£134,058	£183,473	£446,190
Housing Benefit	9,640	£35,234,971	£1,054,231	£2,355,088**	£2,812,705**	£3,284,898**	£9,506,922**
Child Benefit	10,095	£13,263,011	£1,941,599	£1,652,579	£1,848,092	£2,049,498	£7,491,768
Tax Credits	8,500	£35,496,000	£708,500	£708,500	£708,500	£708,500	£2,834,000
Benefit Cap	10 affected***	£0	£0	£15,217	£30,435	£30,435	£76,087
Total		£156,878,139	£4,050,818	£9,016,715	£10,327,928	£14,238,034	£37,633,495

*Claimant numbers from February 2012 are used throughout the report as they are the most recent verified publicly-available statistics available from the DWP.

**Included in these figures are the 1,600 households affected by the social sector size restriction as identified by Inverclyde Council in March 2013. The Scottish Government had previously estimated that 2,200 Inverclyde households would be impacted.

***Figures approximated from Scottish Government calculations suggest that 40 Inverclyde households are affected leading to an annual loss of £121,739. However close examination of the households by Inverclyde Council in March 2013 suggests that the Cap will affect only 10.