
Report To:	Policy & Resources Committee	Date: 21 st May 2013
Report By:	Chief Financial Officer	Report No: FIN/38/13/AP/LA
Contact Officer:	Alan Puckrin	Contact No: 01475 712223
Subject:	Welfare Reform Update	

1.0 PURPOSE

- 1.1 The purpose of this report is to provide Committee with an update in respect of Welfare Reform and to provide specific updates in respect of the Scottish Welfare Fund and Discretionary Housing Payments.

2.0 SUMMARY

- 2.1 The Council took on responsibility for significant extra duties as a result of Welfare Reform from the 1st April 2013. In addition to the introduction of the Council Tax Reduction Scheme the Council also became responsible for the Scottish Welfare Fund which replaced aspects of the DWP Social Fund and a significantly increased responsibility for Discretionary Housing Payments as a result of the removal of the Spare Bedroom Subsidy (Bedroom Tax).
- 2.2 Based on the first 4 weeks of operation and outwith some minor system problems the implementation of these changes has gone well. This reflects extremely well on the dedication of the officers within the Revenues & Customer Services Team supported by colleagues within the CHCP and other external agencies most notably the DWP.
- 2.3 In the case of the Scottish Welfare Fund, eligible applications and expenditure have been lower than anticipated. This is in line with initial indications from other Local Authorities. All applications have been processed within approved timelines and the use of home visits has proven extremely valuable and effective. To date payments made have been dispensed by either Grand Central Savings or treated as supervised payments to the CHCP or relatives and paid by the BACS.
- 2.4 As is the case with the Scottish Welfare Fund applications for Discretionary Housing Payments have been lower than anticipated to date. Officers expect there to be a further upsurge in applications once Housing Associations commence pursuing rent arrears now that the first reduced benefit payments have been made to RSL's. Overtime has been required to deal with applications to date however it is hoped that the Discretionary Payments Team will take on more of this work from core benefits staff in the near future.
- 2.5 It is clear from awards made to date that Committee could consider expanding the eligibility criteria for DHP and proposals in this regard are included in Section 6 of the report. It is however important that the Council takes a cautious approach to increasing eligibility and intervention rates for DHP as the approved budget is cash limited and it will be more difficult to tighten up eligibility further down the line if the budget proves to be inadequate.

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- 2.6 The Committee will be aware that the Right Honourable David Mundell MP visited the Council on the 25th of April to understand the impact in Inverclyde and hear Members' views in respect of Welfare Reform. The visit was part of series of visits to all Local Authorities in Scotland and the Council raised concerns in respect of all aspects of the Welfare Reform but in particular the removal of the removal of the Spare Bedroom Subsidy and the impact of the implementation of Universal Credit.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note and welcome the successful implementation by the Council of its new responsibilities under the Welfare Reform Act 2012.
- 3.2 It is recommended that the Committee agree to expand the eligibility criteria for Discretionary Housing Payments as outlined in section 6 of the report and that these changes become effective from 1st April 2013.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 The Committee has received regular updates in respect of the implementation of the significant changes arising from the Welfare Reform Act 2012. Previous updates have advised Committee of progress being made in respect of the replacement of Council Tax Benefit with the Council Tax Reduction Scheme, the Council taking on responsibility for aspects of the DWP Social Fund under the banner of the Scottish Welfare Fund and the significant expansion of the Council's responsibilities in respect of Discretionary Housing Payments due the Government's removal of the Spare Bedroom Subsidy which is better known as the bedroom tax.
- 4.2 At the last meeting of the Committee it was agreed that a report would be brought back to Members in respect of the potential expansion of the eligibility criteria for Discretionary Housing Payments.

5.0 SCOTTISH WELFARE FUND

- 5.1 The new Discretionary Payments Team within Revenues & Customer Services successfully implemented the Scottish Welfare Fund with effect from the 2nd of April 2013.
- 5.2 Early indications after about 5 weeks operation are that the staff have adapted extremely well to the challenging nature of the service delivered, have dealt with the applications in line with the Government guidance and have reviewed all applications within the approved timescales.
- 5.3 In addition the Committee are advised that the home visits carried out to substantiate some of the larger claims have proven to be successful in identifying areas where claims have been over elaborated but also areas where claimants may not have been claiming for all relevant items.
- 5.4 One issue which has had to be dealt with has been the fact that the paypoint implementation was not in line with expectations and that Inverclyde Council in line with a number of other Councils decided not to go live with paypoint from the 2nd April. Grand Central Savings agreed to assist the Council with cash payments and have proven to be extremely flexible in this regard. It is therefore intended that even once the paypoint implementation occurs that Grand Central Savings will continue to have a role in distributing cash payments for Crisis Grants.
- 5.5 It can be seen from the statistics in appendix 1 that expenditure to the 3rd of May is well below the budget allowance for Crisis Grants and Community Care Grants. It is understood that this picture is replicated across large areas of Scotland and following further discussion with peers it is believed that the number of referrals back to the DWP for Short Term Benefit Advances had been underestimated and as a result a large number of claimants who previously may have received funding from the Social Fund continue to receive funding from the DWP rather than the Council. Saying that however the volume of calls being fielded by the team is significant and the expectation of DWP offices is that the number of calls will increase over time.
- 5.6 The Committee will recall that at its last meeting it agreed to install warm phones to enable individuals to phone the Council on an internal phone line if the need arose. In the first 3 weeks of operation the 3 warm phones (based at the Inverclyde Centre, Newark House and the Wellpark Centre) were used for 104 connected calls to the Discretionary Payments Team. The vast majority of these calls came from the Inverclyde Centre. It has also been confirmed by colleagues in the CHCP that no incidents have arisen during this period.
- 5.7 Finally statistics have been logged in respect of out of hours contact and whilst there have been a number of out of hours messages left there have been no incidents and claimants have simply contacted the Discretionary Payments Team at the first available opportunity.

6.0 DISCRETIONARY HOUSING PAYMENTS

- 6.1 At the last meeting the Committee agreed the eligibility criteria for Discretionary Housing Payments but also asked that a report be brought back to this Committee after the first few weeks of implementation to allow Committee to consider whether the eligibility criteria should be expanded/amended.
- 6.2 In the first 5 weeks 285 applications for Discretionary Housing Payment (DHP) have been received. 43 cases are likely to be eligible subject to further information whilst 9 are in the process of assessment.
- 6.3 Of those where a decision has been reached DHP has been approved in 39 cases and refused in 102. The balance of 92 relate to cases where the applicant is in financial hardship which was not a category approved by Committee in March.
- 6.4 The expectation from officers is that the number of applications will increase significantly once Registered Social Landlords start chasing up rent arrears for those cases where reduced benefit has been paid directly to the RSL but tenants have not commensurately increased their payments towards rent. The impact of this is likely to manifest itself from May onwards. Even allowing for this however it is the view of officers that the eligibility criteria can be expanded.
- 6.5 It is the recommendation of the Welfare Reform Project Board that the Committee agree to expand the eligibility criteria for DHP to include households experiencing financial hardship. The Committee is asked to note that for the purposes of this exercise financial hardship means that a household has lower than £20 per week surplus income after allowing for all essential expenditure. Based on applications received in the first 4 weeks then this would increase the number of DHP approvals from 39 to 131.
- 6.6 In addition, following consultation with local RSLs it is proposed that where a household is deemed to have two or more surplus bedrooms that DHP be used for a maximum period of 6 months to restrict the impact to as if there was one surplus bedroom. The rationale being that the change in legislation should not penalise households with two surplus bedrooms any more than a household with one surplus bedroom. The six month timescale gives some time for a suitably sized property to be found.
- 6.7 Finally, the Welfare Reform Board has also reassessed the DHP intervention rates for those eligible categories approved by Committee in March. The Board recommend increasing Category 2 intervention rates to 75% and Category 3 to 50%. It is recommended that these changes are treated as being effective from 1st April 2013. The estimated financial implications are shown in Appendix 2.
- 6.8 It is important that the Committee does not expand the eligibility criteria too quickly as it is very early on in the first year of the removal of the spare bedroom subsidy and the budget of £212,068 is cash limited. Appendix 3 shows the revised eligible categories on the basis that the Committee approve the recommendation from the Welfare Reform Project Board.
- 6.9 Another issue the Committee needs to be aware of is that the Council has been advised by the Glasgow Local Medical Committee Ltd that it is not appropriate for GPs to be asked for letters of support or letters to confirm care needs. Whilst this is disappointing the Discretionary Payments Team have a number of other routes to substantiate the care needs of applicants which includes liaison with RSL's, existing Council records and finally a statement from the applicant's support provider or another healthcare provider.

7.0 OTHER ISSUES

- 7.1 The Council received a visit from the Right Honourable David Mundell MP (Under Secretary of State for Scotland) on the 25th April 2013. Mr Mundell visited Inverclyde as part of a tour of all 32 Local Authorities to hear the Council's approach and experience of implementing the changes from Welfare Reform and also to answer questions from

Members. During Mr Mundell's visit to Inverclyde Members raised a number of issues in particularly around concerns in relation to the removal of the Spare Bedroom Subsidy and the implementation of Universal Credit.

- 7.2 Committee should be aware that the Council as part of the Financial Inclusion Partnership is involved in the submission of a number of Big Lottery Funded applications through the "Support and Connect" programme. These applications will cover a number of issues ranging from fuel poverty, food banks and starter packs plus provision of RSL accessible support within Port Glasgow and Greenock with a particular focus on supporting clients with "digitisation" (formally known as digital by default). Further updates in this regard will be provided to the Policy & Resources Committee.

8.0 CONCLUSION

- 8.1 The implementation by the Council of the main aspects of the Welfare Reform Act 2012 has gone as well as can be expected. There have been a few minor issues but officers have developed strategies for addressing these.
- 8.2 Although it is very early on in the first year of operation of these changes eligible applications for both SWF and DHP appear to be lower than anticipated. A better picture however will emerge later on in the year once matters settle down.

9.0 IMPLICATIONS

- 9.1 Finance – There are no net financial implications arising from the contents of this report as any unspent Scottish Welfare Fund money is to be ring fenced and carried forward to a future financial year whilst any unspent Discretionary Housing Payments money will be returned to the DWP.
- 9.2 There are no HR or Legal implications arising from this report.
- 9.3 There are no equalities implications arising from this report.

10.0 REPOPULATION

- 10.1 By supporting residents to either stay within their current home or support RSL's in finding suitable accommodation then the successful implementation of the Council's responsibilities in respect of the Welfare Reform Act and the expansion of the eligibility criteria for Discretionary Housing Payments will help retain families and individuals within Inverclyde.

Scottish Welfare Fund

Month	Applications			Crisis Grants		Community Care Grants	
	Received	Granted	Refused	Withdrawn	Outstanding	Number	£
April (to 3/5/13)	326	128	142	8	48	86	6,822
May							
June							
July							
August							
September							
October							
November							
December							
January							
February							
March							
	326	128	142	8	48	86	6,822
						42	22,182

Total Spend to 3/5/13 = £29,014

Budget - Crisis Grants	£ 278,763
- Community Care Grants	£ 453,774
	£ 732,537

AP/CM
07/05/2013

Discretionary Housing Payments
Position as at 3/5/2013

<u>Number Received</u>	<u>Approved</u>	<u>Refused</u>	<u>Potentially Meet Criteria</u>	<u>Outstanding</u>	<u>Financial Hardship</u>
285	39	102	43	9	92

Available Budget 2013/14 = £212,068

Budget Commitments* - 3/5/2013

	<u>£</u>	
Awards at 26/4/2013	20,000	(39 awards)
Potentially meet existing criteria	18,000	(43 awards)
Financial Hardship	26,500	(92 awards)
	<u>64,500</u>	

* Assumes 12 month awards and approval of recommendations in Section 6 of the report.

AP/CM
07/05/2013

APPENDIX 3

DHP Budget Category Priority	Circumstances	Maximum Duration of Award/ Award to be reviewed	Amount of DHP (up to stated % of shortfall between HB and rent charge)	Examples of Supporting Evidence
1	Property significantly adapted to meet tenant or a member of their household's needs	Until the end of the tenancy	100%	Statement confirming property's adaptations from RSL and confirmation of health needs
1	Foster carer (requiring more than one additional bedroom)	Until the end of the foster care arrangement with CHCP	100%	CHCP records
1	Kinship Care arrangement	Until the end of the kinship care arrangement	100%	HB records in consultation with CHCP
1	Children leaving care (LAC) and other vulnerable adults at risk	Up to the end of LAC status 12 months (adults)	100%	CHCP
1	Absent parent – requires bedroom for access to child	6 months	100%	Support provider/ RSL statement
1	End of Life Care	6 months after date of death	100%	Customer statement & HB records
2	Carer – lives close to person for whom care is provided	6 months	75%	Carer's Allowance records
2	Employed with caring responsibilities - tenant lives close to person for whom care is provided/ available childcare	6 months	75%	Claimant statement & HB records
3	Financial Hardship – Less than £20 income over expenditure each week	6 months	50%	Claimant Statement/HB assessment
3	Tenant/ partner within 6 months of reaching Pension Age	Until tenant/ partner reaches pension age	50%	HB records
3	Households requiring additional bedroom for medical reasons	Review depending on nature of illness	50%	Statement confirming circumstances from RSL

APPENDIX 3

3	Health conditions - tenant benefits from local support network/ CHCP	Review depending on nature of illness	50%	Support provider statement
3	Tenant victim of harassment at previous property (and tenant is protected under the Equalities Act - eg. disability, sexual orientation, ethnicity)	6 months	50%	Police report
3	Aged under 35 years – private rented sector tenant (max - 2 bedroom LHA rate)	6 months	50%	HB records
3	Service widows and ex-service personnel (including non-dependents)	6 months	50%	Self declaration, HB records
3	Benefit cap	6 months	50%	HB records
3	Two or more surplus bedrooms. Cap impact at one surplus bedroom	6 months (Cannot reapply)	100% of difference with one surplus bedroom	HB records/RSL letter