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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>19 November 2013</b>
<b>Report By:</b>	<b>Acting Corporate Director Environment, Regeneration &amp; Resources</b>	<b>Report No:</b>	<b>2013/PR/AP02</b>
<b>Contact Officer:</b>	<b>Alan Puckrin</b>	<b>Contact No:</b>	<b>2038</b>
<b>Subject:</b>	<b>Welfare Reforms Budget Position</b>		

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## **1.0 PURPOSE**

- 1.1 The purpose of this report is to update the Committee in respect of the various budgets relating to welfare reforms and to provide proposals to ensure resources are fully utilised in a managed way during 2013/14.

## **2.0 SUMMARY**

- 2.1 Various one-off and recurring sums have been allocated by the Council, Scottish Government and DWP in relation to the impact of welfare reforms. Some of these sums have conditions attached and a number have been announced during the financial year.
- 2.2 In light of this, it is important that the Committee review latest projections and budget allocations to ensure that no funding is lost to Inverclyde and that spend is managed appropriately.
- 2.3 The Welfare Reform Board and the Corporate Management Team have considered various proposals to ensure that the objectives outlined in 2.2 above are achieved and this report contains details in that regard.
- 2.4 Further work requires to be progressed through the SOA 6 Officer Group in respect of Child Poverty and once concluded will be the subject of reports to Committee.
- 2.5 Further regular updates will be provided to Committee both in terms of the impact of welfare reforms on the Council and its residents but also proposals to fully utilise available budgets.

## **3.0 RECOMMENDATIONS**

- 3.1 It is recommended that the Committee approve the proposals contained in Appendices 1 & 2 of the report to amend to DHP policy and ensure that required spend is achieved in 2013/14.
- 3.2 It is recommended that the Committee agree to transferring £120,000 of grant funding allocated for Crisis Grants to Community Care Grants.
- 3.3 It is recommended that the Committee note that a report will be brought to Committee before the summer recess detailing proposals in respect of Child Poverty, these proposals to be progressed by the SOA 6 Officer Group.

## **4.0 BACKGROUND**

- 4.1 As part of the 2013/16 budget, the Council allocated £3.2 million to combat the impacts of the Welfare Reform legislation. The majority of this sum has already been allocated in respect of funding, the Council Tax reduction scheme, reductions in housing benefits subsidy and providing extra financial advice/welfare rights resources.
- 4.2 In addition, the Council has received funding from the DWP to make discretionary housing payments and funding from the Scottish Government in respect of the Scottish Welfare Fund and latterly funding to supplement the DWP funding for discretionary housing payments and other welfare reform issues.

## **5.0 CURRENT POSITION**

### **5.1 Discretionary Housing Payments**

Discretionary Housing Payments (DHP) are provided to tenants to help meet the costs associated with the Removal of the Spare Room Subsidy (also known as the Bedroom Tax). The DWP has set a limit of £383,000 in the amount of DHP that the Council can spend in 2013/14. In 2013/14 the DWP will provide £230,000 of this sum, and if this money is not spent then it will not be paid to the Council.

- 5.2 In addition, both the Council and the Scottish Government have allocated funding to ensure that the Council spends up to its upper limit of £383,000. The Scottish Government allocated £227,000 for this purpose in early October and it is proposed that £153,000 of this sum is utilised in 2013/14 for Discretionary Housing Payments.
- 5.3 In order to fully utilise the Discretionary Housing Payment budget, the Council's policy requires to be reviewed and Officers are recommending changes as outlined in Appendix 1 to the report. The main changes are to increase the intervention rate to 75% for all qualifying households, to extend eligibility to the full financial year for all qualifying households, and to increase the financial hardship threshold from £20 excess income per week to £40 excess income per week.
- 5.4 It is estimated by Officers that subject to claims remaining at around their current level, then these policy changes are affordable within the £383,000 limit. In the event that it becomes apparent that these policy changes are not affordable, then the Council will have to restrict payments in the latter part of the year to ensure that it does not breach the DWP limit of £383,000.
- 5.5 The Council has also submitted a bid to the DWP £20million DHP challenge fund and if this bid is successful it will increase the amount the Council can put out and should allow an intervention rate of 100% to be paid in all cases.
- 5.6 Appeals against DWP decisions are beginning to be heard by the tribunal who in both cases have found in favour of the claimant. Officers within Finance and CHCP have agreed a protocol to manage these appeals which should streamline the process and provide early decisions for the claimants.
- 5.7 DWP have announced a 22% reduction in DHP funding in 2014/15. If this is applied to the Council's 2013/14 allocation it would result in an £85,000 reduction in the DHP threshold which in turn will require a further review of the policy.

### **5.8 Scottish Welfare Fund**

The Scottish Welfare Fund (SWF) is administered by the Council on behalf of the Scottish Government and provides low value Crisis Grants for emergencies and larger Community Care Grants which are largely used to help individuals settle in the community.

- 5.9 The Scottish Government allocated £732,000 to Inverclyde Council in 2013/14 to provide these grants in addition to £131,000 to pay for the administration.
- 5.10 In line with the rest of Scotland, take-up has initially been slower than anticipated. Following revised Guidance payment levels in recent weeks are now moving towards levels which if sustained over a full twelve month period would ensure that the grant funding is fully utilised.
- 5.11 The Scottish Government has confirmed that whilst the funding is ring-fenced, it can be vired between Crisis Grants and Community Care Grants and any underspend can be carried forward into the next financial year. In light of this, it is proposed that £120,000 of funding allocated to Crisis Grants be vired to Community Care Grants. This is affordable within the most recent projections and ties in with a move away from reactive support and towards the preventative agenda.
- 5.12 The recently issued Guidance did not require the Council's approach to be significantly amended, but for Community Care Grants, a number of other items will now become eligible for funding which will improve the outcomes for qualifying applicants.

## **6.0 FURTHER PROPOSALS**

- 6.1 Based on the recommendations in Section 5, then the Council will have approximately £75,000 of Scottish Government funding which requires to be spent this year on tackling the impact of welfare reforms. Appendix 2 contains various proposals suggested by Officers which Committee are asked to consider to utilise the funding prior to 31<sup>st</sup> March 2014.
- 6.2 It should be noted that all the Council allocated funding for 2013/14 will therefore not be fully utilised, but will be carried forward as an earmarked reserve to be utilised in future years. Whilst the recent Scottish Government announcement that the £20 million allocated in 2013/14 will continue for 2014/15 is welcome, the Committee will also recall the ongoing cut in DWP funded discretionary housing payments support and Benefit Administration Grant from 2014/15.
- 6.3 In order to inform further investment to address the challenges highlighted / brought on by Welfare Reform further detailed work is required by Officers from the Council and its partners. This will be progressed via the SOA 6 Officer Group and be the subject of a report to Committee before the summer recess.

## **7.0 CONCLUSIONS**

- 7.1 Given recent funding announced by the Council and the Scottish Government, then the Discretionary Housing Payments Policy requires to be reviewed to ensure that the Council spends up to the £383,000 limit set by the DWP.
- 7.2 It is expected that the Scottish Welfare Fund will underspend in 2013/14 but that this underspend can be carried forward to future years and it is anticipated that this will be required given the uptake of SWF support is increasing as time progresses.
- 7.3 In order to ensure that the Council fully utilises the funding which requires to be spent in 2013/14, then various proposals have been included in Appendix 2 for Committee to consider. Longer term proposals will be developed for members to consider.

## **8.0 IMPLICATIONS**

### **8.1 Financial Implications**

Appendix 3 gives an update in respect of the overall financial implications with the various sources of funding plus approved expenditure on the basis that the recommendations in the report are approved.

- 8.2 It can be seen that there is approximately £700,000 of overall welfare reform funding not allocated, however, it is anticipated that there will be further impacts not known at this stage which the Council will require to fund and it is therefore recommended that this sum remain unallocated at this point in time and subject of further reports.
- 8.3 Legal – there are no legal implications arising from this report.
- 8.4 HR – there are no HR implications arising from this report.
- 8.5 Repopulation – it is important that the Council approaches the impact of welfare reforms in a coherent manner which protects those citizens most adversely impacted by it. Such action will support individuals to remain within the area and within their homes and will therefore have a positive impact on the Council's repopulation agenda.

## APPENDIX 1

	<b>Circumstances</b>	<b>Maximum Duration of Award/ Award to be reviewed</b>	<b>Amount of DHP (up to stated % of shortfall between HB and rent charge)</b>	<b>Examples of Supporting Evidence</b>
<b>1</b>	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
<b>1</b>	Foster carer (requiring more than one additional bedroom)	Until the end of the foster care arrangement with CHCP	100%	CHCP records
<b>1</b>	Kinship Care arrangement	Until the end of the kinship care arrangement	100%	HB records in consultation with CHCP
<b>1</b>	Children leaving care (LAC) and other vulnerable adults at risk	Up to the end of LAC status 12 months (adults)	100%	CHCP
<b>1</b>	Absent parent – requires bedroom for access to child	Until end of financial year <b>(Previously 6 months)</b>	100%	Support provider/ RSL statement
<b>2</b>	End of Life Care	6 months after date of death	100%	Customer statement & HB records
<b>2</b>	Carer – lives close to person for whom care is provided	Until end of financial year <b>(Previously 6 months)</b>	75%	Carer's Allowance records
<b>2</b>	Employed with caring responsibilities - tenant lives close to person for whom care is provided/ available childcare	Until end of financial year <b>(Previously 6 months)</b>	75%	Claimant statement & HB records
<b>3</b>	Financial Hardship – Less than £20 income over expenditure each week	Until end of financial year <b>(Previously 6 months)</b>	75% <b>(Previously 50%)</b>	Claimant statement/HB Assessment
<b>3</b>	Financial Hardship – Between £21 to £40 income over expenditure each week	Until end of the financial year <b>(New)</b>	75% <b>(New)</b>	Claimant statement/HB Assessment
<b>3</b>	Tenant/ partner within 6	Until tenant/ partner reaches	75%	HB records

## APPENDIX 1

	months of reaching Pension Age	pension age	<b>(Previously 50%)</b>	
<b>3</b>	Households requiring additional bedroom for medical reasons	Review depending on nature of illness	75% <b>(Previously 50%)</b>	Statement confirming circumstances from RSL
<b>3</b>	Health conditions - tenant benefits from local support network/ CHCP	Review depending on nature of illness	75% <b>(Previously 50%)</b>	Support provider statement
<b>3</b>	Tenant victim of harassment at previous property (and tenant is protected under the Equalities Act - eg. disability, sexual orientation, ethnicity)	Until end of financial year <b>(Previously 6 months)</b>	75% <b>(Previously 50%)</b>	Police report
<b>3</b>	Aged under 35 years – private rented sector tenant (max - 2 bedroom LHA rate)	Until end of financial year <b>(Previously 6 months)</b>	75% <b>(Previously 50%)</b>	HB records
<b>3</b>	Service widows and ex-service personnel (including non-dependents)	Until end of financial year <b>(Previously 6 months)</b>	75% <b>(Previously 50%)</b>	Self declaration, HB records
<b>3</b>	Benefit cap	Until end of financial year <b>(Previously 6 months)</b>	75% <b>(Previously 50%)</b>	HB records
<b>3</b>	Two of more surplus bedrooms. Cap impact at one surplus bedroom	6 months (cannot reapply)	100% of difference with one surplus bedroom	HB records/ RSL Letter

**NB** It is proposed that any priority group with a maximum duration of 6 months is increased to 'until end of financial year'  
It is also proposed that the maximum award of DHP is increased to 75% in all cases previously under this amount.

## Welfare Reform – Additional Spend Proposals

No.	Proposal	Spend £000	Comments
1.	Pay for the New Money Advice Care Management software from Government Funding and carry forward freed up Council resource as an Earmarked Reserve.	40 (one-off)	Tenders returned and being assessed.
2.	Increase Clothing Grant from £62.50 to £80 from 2014.	45 (Recurring)	Vire funds to Education.
3.	Contribution to Oak Tree HA pilot to modify properties in the Maple Road area to reduce the number of bedrooms in order to stabilise population. (£1,000 per property for up to 10 properties).	10 (One-off)	OTHA will amend Leases & Weekly Rents.
4.	Create supermarket account to allow local foodbank to procure food / goods to meet increased demand arising from Council referrals and to supplement donations.	20 (Recurring)	Funding at £1500 / month will support 15 referrals per week. Discussions to take place re. increasing opening hours.
5.	Vouchers targeted to vulnerable Older Persons to assist manage costs over the winter. Corporate Director CHCP to distribute funding for 2013 but proposals for future years to be brought back to CHCP Sub-Committee.	40 (Recurring)	In addition to existing Christmas lunch / voucher provision.

Other areas being investigated and subject to future reports: Credit Union account for all school pupils, pilot free travel to certain nurseries to increase attendance.

**APPENDIX 3**
**Welfare Reforms - Funding & Expenditure**

1/ Funding	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
DHP Grant - DWP	230	153 *	153 *	536
DHP Top Up - SG	227	227 *	-	454
SWF Grants - SG	732	732 *	732 *	2196
SWF Administration - SG	131	120	110 *	361
CTR Scheme - SG	445	445 *	445 *	1335
DHP Top Up - Council	-	59	59	118
Welfare Reforms Reserves - Council	-	250	-	250
Welfare Reforms Pressures - Council	800	1100	1300	3200
	<u>2565</u>	<u>3086</u>	<u>2799</u>	<u>8450</u>

\* = Exact amount to be confirmed

2/ Expenditure	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
1. DHP - Spend to Limit	<u>383</u>	<u>383</u>	<u>383</u>	<u>1149</u>
2. SWF - Crisis Grants **	158	158	158	474
- Community Care Grants **	574	574	574	1722
- Administration Costs #	205	205	205	615
Sub Total	<u>937</u>	<u>937</u>	<u>937</u>	<u>2811</u>
3. Council Tax Reduction	<u>945</u>	<u>945</u>	<u>945</u>	<u>2835</u>
4. Financial Advice Services	<u>160</u>	<u>200</u>	<u>200</u>	<u>560</u>
5. Benefit Administration Grant Cut	<u>-</u>	<u>25</u>	<u>90</u>	<u>115</u>
6. Appendix 2 Proposals	<u>90</u>	<u>105</u>	<u>105</u>	<u>300</u>
Grand Total	<u>2515</u>	<u>2595</u>	<u>2660</u>	<u>7770</u>

\*\* - Figures are after proposed £120,000 virement from Crisis Grants to Community Care Grants.  
Any underspend will be carried forward.

# - Team that deals with SWF also process DHP applications.

AP/CM  
22/10/2013