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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>12 August 2014</b>
<b>Report By:</b>	<b>Acting Corporate Director Environment, Regeneration &amp; Resources &amp; Corporate Director CHCP</b>	<b>Report No:</b>	<b>2014/P&amp;R/AP/13</b>
<b>Contact Officer:</b>	<b>Alan Puckrin</b>	<b>Contact No:</b>	<b>712764</b>
<b>Subject:</b>	<b>Welfare Reforms Update</b>		

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## 1.0 PURPOSE

- 1.1 The purpose of this report is to provide an update to Committee on various aspects of the Welfare Reform agenda and to seek Committee decisions as appropriate.

## 2.0 SUMMARY

- 2.1 The impact of Welfare Reforms continues to expand as matters implemented at the beginning of 2013/14 become embedded and further developments occur.
- 2.2 In respect of the Scottish Welfare Fund, there is an increase in the number of applications and the number of approvals. Expenditure is largely in line with approved budget and awareness raising sessions are ongoing with relevant partners. Legislation is currently going through the Scottish Parliament to transfer responsibility to Councils to administer the Scottish Welfare Fund on a permanent basis.
- 2.3 The new application process for Discretionary Housing Payments, and in particular the Social Sector Size Criteria, has bedded in well with 183 applications received by the end of June 2014. Liaison with Registered Social Landlords will continue with difficult to reach claimants being contacted directly by RSLs to enable applications for funding to be processed.
- 2.4 The DWP, Scotland Office and Scottish Government have issued a letter giving authority to Councils to temporarily exceed the DHP cap during 2014 in lieu of legislation being passed to transfer cap setting to the Scottish Government. In addition, the Scottish Government is finalising confirmation of the amount of grant available to Local Authorities to fully mitigate the impact of the Social Sector Size Criteria cost.
- 2.5 Further external funding has been sourced by the Financial Inclusion Partnership this time in relation to the Scottish Government's Welfare Reform Resilience Fund. The funding award of £80,000 will be added to the £1.5million of external funding already successfully applied for by the Financial Inclusion Partnership. Members are, however, asked to note that due to delays in the implementation of universal credit, it may be necessary for the Council and partners to continue to fund some of the initiatives for a period of time. Proposals in this regard will be presented to the November Committee.
- 2.6 Following discussions with i.Heat it is proposed to implement a project targeted at those elderly persons struggling to meet heating costs. In addition to providing financial support the project will provide advice and support to provide sustainable improvements for those impacted. The proposed scheme aims to support 800 people in 2014/15.

- 2.7 At the last Committee there was a significant discussion in respect of conditionality and sanctions and an update was given by Officers from the Job Centre Plus to the Alliance Board in June. Section 7 provides a comprehensive update for Committee.
- 2.8 Appendix 4 provides an update in respect of the finances of Welfare Reform and identifies that there remains an element of funding not yet allocated. Committee, however, is asked to note that potentially significant costs are expected arising from further reductions in Housing Benefit Administration Grant, the creation of the Single Fraud Investigation Service, Temporary Accommodation and the previously mentioned need for the Council to potentially continue to fund some of the Financial Inclusion Partnership projects whose external funding run out in early 2015. It is proposed that the Committee defer consideration of the allocation of further funds from the Welfare Reform recurring budget and earmarked reserves until the November Policy & Resources Committee.

### **3.0 RECOMMENDATIONS**

- 3.1 It is recommended that the Committee note the latest position in respect of the various aspects of Welfare Reform.
- 3.2 It is recommended that the Committee approve the proposed project with i.Heat to support the elderly with heating costs.
- 3.3 It is recommended that the Committee agree to defer further decisions in respect of any remaining Welfare Reform funds until the November Policy & Resources Committee.

**Alan Puckrin**  
**Acting Corporate Director**  
**Environment, Regeneration & Resources**

**Brian Moore**  
**Corporate Director CHCP**

## **4.0 BACKGROUND**

- 4.1 Regular reports have been presented to Committee relating to the main Welfare Reform changes and Policies have been approved and revised as guidance has developed.
- 4.2 The Financial Inclusion Partnership has co-ordinated significant funding and cross partner working to support those impacted.
- 4.3 The Council allocated £3.2million in February 2013 to meet some of the costs caused by the Welfare Reform changes. Additional sums have been allocated by the DWP, Governments and the Council.

## **5.0 SCOTTISH WELFARE FUND & DISCRETIONARY HOUSING PAYMENTS**

- 5.1 The level of applications made to the Scottish Welfare Fund since April 2014 averaged 75 applications each week with an approval rate of 75%. This compared with the same period in 2013/14 when 55 applications were made each week with an approval rate of 51%. The increase in applications and approvals reflects the national position and is largely due to the change to SWF guidance allowing applications from those subject to welfare benefit claimant commitment conditionality sanctions. 80% of the Community Care Grant budget and 72% of the Crisis Grant budget has been awarded against the flat budget profile to date. Underspent budget will be carried forward to be awarded in future months to meet demand.
- 5.2 Liaison continues with a range of support providers including staff awareness sessions being delivered to Housing Associations and i.HEAT (Inverclyde's Home Energy Advice Team). A number of successful supported applications have followed from these sessions.
- 5.3 The Welfare Funds (Scotland) Bill was introduced to the Scottish Parliament on 10<sup>th</sup> June 2014. The Welfare Reform Committee is expected to be calling for evidence on the Bill over the summer and the service will monitor and report on its progress.
- 5.4 Housing Associations were informed of the Council's decision to amend the DHP policy to remove the need to assess applicants' financial circumstances and to mitigate in full the effects of the Housing Benefit under occupancy policy. Shortened application forms and a telephone application process were successfully introduced aiding the process. 183 applications were made this way up to 30 June 2014, 81 of which were telephone applications.
- 5.5 The target completion timescale to process all DHP applications is mid-August after which those who have not applied will be sent a shortened application form and will be notified to their Housing Association who have agreed to take steps to contact the tenants directly to encourage them to apply.
- 5.6 The financial situation around DHP is clearer following further information and assurances from the DWP and Scottish Government. The Council estimates the cost of DHP applications relating to the Social Sector Size Criteria (SSSC) will be £860,000 in 2014/15 and this will be fully funded by the Scottish Government. The non-SSSC DHP applications will be cash limited to £71,000 which represents a 30% increase on the amount spent in 2012/13.
- 5.7 The DWP, Scotland Office and Scottish Government have issued a letter giving authority to Councils to temporarily exceed the DHP cap during 2014 in lieu of legislation being passed to transfer cap setting to the Scottish Government (Appendix 3). In addition, the Scottish Government is finalising confirmation of the amount of grant available to Local Authorities to fully mitigate the impact of the Social Sector Size Criteria cost.

## 6.0 FINANCIAL INCLUSION PARTNERSHIP UPDATE

- 6.1 All of the successful projects funded through SLAB and Big Lottery Support and Connect are now underway. Inverclyde Advice First, the one stop phone number for information and advice relating to benefits / money advice has taken nearly 550 calls from members of the public seeking advice related to welfare benefits. This is in addition to the number of calls that traditionally go directly through social work offices to the Advice team and also other 3<sup>rd</sup> sector advice providers. It is planned through time that all calls for advice provision will be routed through this one call number.
- 6.2 Inverclyde was one of 11 local authorities that were successful in bids submitted to the Scottish Government's Welfare Reform Resilience Fund. This funding is for £80,000 to be used by March 2015 and is to be utilised to test new delivery models. It has two strands (1) the development of Smarterbuys which is a scheme for people to access white goods and furniture at discounted prices. This will be a useful alternative to high cost lending currently dominated by a number of high street outlets and (2) system admin support to roll out the Brightoffice case management system, currently being implemented for CHCP Advice services, to a range of external partners who provide benefits / money advice. Works has already commenced on testing the feasibility of the Smarterbuys model and investigate the development of a similar model if required.
- 6.3 A further bid has been submitted to the most recent tranche of SLAB funding for a project targeting child poverty for families with children under the age of 8. If successful this will bring in £150,000 additional funding to undertake targeted work with this client group.
- 6.4 As previously reported, with the delay to Universal Credit implementation and at present no definitive implementation timescale for Inverclyde, evaluation of the current short term funded projects is essential. A report will be provided to future Committees regarding proposals for the continuation and funding some of these projects.
- 6.5 Committee awarded funding of £18,000 on a recurring basis to the Inverclyde Foodbank for food supplies. Discussions with Elim Church who run the local foodbank have been ongoing to try to find a way to support them within the funding criteria and ethos set by the Trussel Trust. This has resulted in this funding being decreased to £12,000 and it being utilised for both food supplies and running costs. A service level agreement is currently being developed.
- 6.6 £40,000 recurring was agreed at the November Committee for older people and following discussions with Your Voice and the Elderly Forum, fuel poverty and inability to afford warmth has been identified as an issue for elderly residents within Inverclyde. The CHCP, your Voice and iHeat have developed a proposal to commence in October 2014 entitled 75 for over 75.

This will be a signpost/referral from key agencies eg, Your Voice, CHCP staff working with over 75's etc to the iHeat project with an assessment by an iHeat advisor to ensure all current fuel benefits are being maximised. If they are found to be in Fuel Poverty (ie. Spending more than 10% of their income on Fuel); are Fuel fear; or at the discretion of the iHeat advisor based on this assessment, they will be eligible for a one-off payment of £75 in order to help them meet the requirements of keeping warm this winter. This will support 800 over 75's in 14/15 with 480 being supported in future years.

In addition an emergency fund has been identified for the over 75's who need support with boiler repairs and upgrades (if not eligible under any other current schemes). Further reports will be submitted as this programme of work gets underway.

Committee is asked to approve the use of the funding for older people for this programme.

- 6.7 Starter Packs Inverclyde provides on average 32 packs each month containing essential items for families setting up home. Packs cost £145 with an additional cost of £58 for each child. The project relies on grant funding and donations to meet demand and to cover the running costs of the project. It is proposed that the previously approved Council funding of £7,000 is allocated to meet running costs and any remaining budget is allocated for the

purchase packs. Work is progressing to develop options to purchase bespoke packs from Starter Packs Inverclyde to fulfil Scottish Welfare Fund grants. This would provide customers with a pack of goods instead of a grant payment.

## **7.0 CONDITIONALITY AND SANCTIONS**

- 7.1 Benefit sanctions and conditionality have existed in the benefit system since the 1980s however, rules have been increasingly tightened since 2007. DWP figures show that one fifth of all Job Seekers Allowance (JSA) claimants over the five years April 2008 to March 2013 were subject to sanctions or disallowances.
- 7.2 Referrals for sanction are around double the number of adverse decisions and all of those referred will have had their benefit suspended and may have suffered hardship as a result. Those who have been referred and have had their benefit suspended immediately pending a decision on a sanction or disallowance can lose income for a number of weeks before it is reinstated. They may also lose entitlement to housing benefit during that period. Although they are likely, with the right advocacy and support, to have the money they are due paid back to them once benefit is reinstated, they will undoubtedly suffer hardship in the intervening period.
- 7.3 For Jobseekers Allowance, young people are more likely to be sanctioned. From October 2012 until September 2013, information from the DWP shows that young males across Scotland were disproportionately subject to Jobseekers Allowance adverse decisions.
- 7.4 In relation to Employment and Support Allowance sanctions there is a major concern that those being sanctioned are predominantly people suffering from mental health problems and behavioural disorders. Figures released by the DWP, following a Freedom of Information request, show that over half of those sanctioned in 2012 and the first half of 2013 were suffering from mental health problems and behavioural disorders. Within Inverclyde almost 50% of ESA claimants have mental health problems and behavioural disorders.
- 7.5 The Scottish Government, COSLA and the Improvement Service recently undertook a survey across all local authorities into the impact conditionality and sanctions are having. The main findings include council services seeing increase in demand, mostly in SWF, Welfare Rights and Money Advice services.
- The clearest finding from the survey is that communication seems to be the key issue:
- claimants don't understand what is being asked of them and are failing to comply because of this
  - JCP are not communicating with individuals when sanctioned or in danger of being sanctioned.
  - JCP are not sharing data on people being sanctioned, which makes it difficult for councils to respond/plan.
- 7.6 COSLA and the Scottish Government have submitted a proposal to JCP to develop pilots, with an objective to test how they can work with JCP to improve how the sanctions regime works locally.
- 7.7 The latest figures available from the Department of Work and Pensions on the number of sanctions applied in Inverclyde cover the period October 2012 to December 2013. The way the figures are produced only gives the number of sanctions referrals made, leading to suspensions, and the number of adverse sanctions decisions made. As people can be subject to more than one sanction the figures do not accurately reflect the number of individuals affected. These figures show that a total of 2,304 were sanctioned in the area during that time. The majority of these were in the Greenock area, 1,628, with Port Glasgow having a much smaller number, 676. This reflects the population and catchment areas of the local Job Centres. However, when the numbers of those referred are included the totals affected rises to 3,869. These are people who will have had their benefit suspended whilst a decision on the imposition of a sanction is being considered. This represents an additional 1,565 people losing benefit due to suspension, 1,078 in Greenock and 487 in Port Glasgow.

- 7.8 There is also an impact on Housing Benefit services as people who are suspended or sanctioned may have their entitlement stopped as a result of a referral. This can lead to rent arrears and whilst these issues can be resolved, the pressure on already hard pressed families because of this is considerable.
- 7.9 Locally, there is evidence of an increasing number of referrals being made to the Scottish Welfare Fund as a result of people being sanctioned. Before April 2014 rules were in place to prevent the Scottish Welfare Fund being used to make payments where sanctions were in place. However from April 2014 people who have been sanctioned can access the Fund where they are experiencing hardship. The SWF team have had 33 applications for customers who have been sanctioned since 1<sup>st</sup> April 2014 up to 30 June 2014. I.e. a 3 month period. To date all of these 33 applications have been paid at a cost of £2,386.56.
- 7.10 Discussions have already taken place between the CHCP Advice team and the Revenue & Benefits Team as to how to best support clients who have been sanctioned and how to mitigate the possible impact on Housing Benefit. In addition leaflets on how to challenge sanctions decisions have been provided to the Scottish Welfare Fund staff, and these will be issued directly to people who make contact as a result of a benefit sanction. The SWF staff will also ensure that every referral to the Scottish Welfare Fund, where benefit sanctions is given as a reason for that contact, is signposted to the CHCP Triage and Advice Services.
- 7.11 One of the biggest areas of concern, both locally and across the UK, is the lack of challenge against decisions to suspend and/or sanction benefit. Figures for the UK as a whole show that someone challenging these decisions has a 53% chance of success in having the decision overturned.
- 7.12 Given the higher than average rate of suspensions and sanctions in Inverclyde and the impact of these on claimants and Council Services, the CHCP are seeking to ensure that challenges are made to these decisions. It is also important to ascertain why, to date, there has been a lack of challenge and what can be done to counter this entitlement. The CHCP Advice Services team have launched a campaign locally, using the media and partner organisations, to promote the leaflet on sanctions and the work of staff in combating these.
- 7.13 Discussions have taken place locally with DWP colleagues around the use of sanctions with an offer to Council staff and the Financial Inclusion Partnership partners to visit their offices to better understand the application of sanctions in action. In addition discussions are underway with the Department of Urban Studies at Glasgow University to carry out research on the lack of challenges to suspension and sanction decisions and to look at the impact of these where they are put in place.

## **8.0 IMPLICATIONS**

### **Finance**

- 8.1 Appendix 4 shows the latest position of the Welfare Reform recurring and earmarked reserves budget. The figures show that whilst there remains some funding to be allocated there remains considerable uncertainty particularly around further reductions in DWP funding to the Council and the timing and impact of Universal Credit.

### 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
CHCP	External Payments	2014/15	74		Cost in 2014/15 for iHeat project. Sum reduces to £40k from 2015/16.

### **Legal**

- 8.2 There are no specific legal issues arising from this report.

### **Human Resources**

- 8.3 There are no specific HR issues arising from this report.

### **Equalities**

- 8.4 There are no new strategies or policies contained in this report therefore no Equalities Impact Assessment is required.

### **Repopulation**

- 8.5 Addressing the impacts of Welfare Reform as sensitively and effectively as possible will help retain individuals impacted within the area and will have a positive impact on the Council's Repopulation strategy.

## **9.0 CONSULTATIONS**

- 9.1 The report has been produced following discussions within the Welfare Reform Project Board consisting of representatives from Finance, CHCP, DWP and River Clyde Homes.

## **10.0 LIST OF BACKGROUND PAPERS**

- 10.1 None.

Appendix 1

Scottish Welfare Fund  
17 July 2014

Calls Answered	3658		
Applications	1149		
Applications Granted	866	75.37%	
Applications Refused	178	15.49%	Note 3
Applications Withdrawn	28	2.44%	
In Progress	77	6.70%	
Referrals to DWP	99		Note 2
		<u>Budget</u>	<u>Spend</u>
		<u>£000</u>	<u>%</u>
Crisis Grant paid (582)	£43.6	208	22.40%
Community Care Grants paid (298) (includes 14 applications paying both CCG & CG)	£172.0	697	24.68%
	<u>£216k</u>	<u>906</u>	23.81%

**Note 1** 1<sup>st</sup> Tier Reviews = 20 (2.06%)  
1<sup>st</sup> Tier Reviews Upheld in Customer Favour = 5 (25%)  
2nd Tier Reviews = 2 (13%) out of 15 reviews refused  
2nd Tier Reviews Upheld = Still to be heard

**Note 2** Referrals to DWP relates to customers who are awaiting payment of a new claim for JSA / ESA from DWP. In these circumstances a Short Term Benefit Advance (STBA) can be paid by DWP.

**Note 3** The most common reasons for refusal of claims are, applicants not meeting the eligibility criteria, not being in receipt of a qualifying benefit or incomplete evidence provided.



Discretionary Housing Payments17/July 2014Renewals

Number of Renewals to be considered	0		2013/14 applications carried forward to 2014/15
Renewals assessed to 17.7.14	933	(100%)	
Renewals - approved	667	(71%)	
Renewals - refused	65	(7%)	Applicants do not meet new priority group criteria
Renewals – not eligible	201	(22%)	No entitlement to DHP because Housing Benefit has stopped

New Applications

New Applications Received to date	671		
Applications Approved	112	(17%)	
Applications Refused	25	(4%)	
Applications - No Action	169	(25%)	DHP paid as 'Renewal'
Awaiting Supporting Evidence	0	(0%)	
New Applications still to be assessed	365	(54%)	335 from RSL tenants

£000

Paid to date	137	Paid to Landlords a month in arrears
Commitments	362	Assumes existing claims run their course
Includes Non-SSSC (£54k)		
New Applications to be assessed	245	Estimate based on current average weekly award of £14.00.
Total Projected Spend	<u>744</u>	Assumes no further new applications
DWP/ DHP Upper Limit – pending legislative change	533	
Reviews requested: 9 (1.%)		



**Department  
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Pensions**



**Scotland Office**



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Councillor Stephen McCabe  
Leader of the Council  
Inverclyde Council  
Municipal Buildings  
Greenock  
PA15 1LY

25 June 2014

Dear Stephen,

**DISCRETIONARY HOUSING PAYMENTS – SECTION 63 ORDER**

We are writing to provide you with information about the agreement reached between the UK Government and the Scottish Government in relation to Discretionary Housing Payments (DHPs).

On 2 May, the Parliamentary Under Secretary of State for Scotland wrote to the Deputy First Minister, on behalf of the UK Government, to offer to transfer the power to set the DHP cap to Scottish Ministers. This offer was accepted and officials in both Governments have prepared a draft Order in Council that will provide Scottish Ministers with the executive power to set the DHP cap in Scotland.

The Order must be debated and approved by both Houses of Parliament and the Scottish Parliament. The Deputy First Minister and Parliamentary Under Secretary of State for Scotland have spoken by phone on several occasions and we have confirmed our shared commitment to delivering the Order through its Parliamentary stages as quickly as possible.

We are committed to delivering the Order within the current financial year (2014-15). This will ensure that Scottish Ministers are able to use their new executive power to set the DHP cap level in Scotland prior to the end of this financial year. It will be for the Scottish Government to determine the revised cap and to deliver the necessary secondary legislation through the Scottish Parliament to set the revised DHP cap in Scotland. However we can confirm Local Authorities will be able to incur expenditure beyond the current DHP cap ahead of the legislation completing all its Parliamentary stages.

The Scottish Government's intention for the revised cap is to either remove it completely, or to set it at a level high enough to meet the Scottish Government's clearly stated policy intentions. This will allow local authorities the flexibility to add their own resources in order to support people who need extra help with their housing costs, within the DHP framework set out by DWP.

We trust that this letter offers the assurance your local authority requires on the steps that we are taking in this area.

We are copying this letter to Alan Puckrin in your finance department and John Mundell, Chief Executive of Inverclyde Council.

**LORD FREUD**

**DAVID MUNDELL**

**NICOLA STURGEON**

Welfare Reform – Unallocated Council Funding

	2014/15 <u>£000</u>	2015/16 <u>£000</u>
1. <u>Recurring Budget</u>		
Amount Approved February 2013	1100	1300
<u>Less:</u>		
Unfunded SWF/DHP Admission Costs	80	80
Unfunded Council Tax Reduction Costs	533	533
Estimated Administration Grant Cut-Core	50	50
Allocation to CHCP (Financial Advise Services)	200	200
Clothing Grants – Increase to £80	45	45
Food Bank	18	18
Starter Packs	7	7
Support for Elderly	40	40
	<u>973</u>	<u>973</u>
Balance Remaining	<u>127</u>	<u>327</u>

Pressures remaining:

- a) Further Benefit Administration Grant Reductions (DWP)
- b) Financial impact of Single Fraud Investigation Service creation (DWP)
- c) Planned reductions in SWF Administration Grant (Scottish Government)
- d) Universal Credit impact on Temporary Accommodation Costs (DWP)
- e) Continued funding of FIP Projects.

2. <u>Earmarked Reserve</u>	<u>£000</u>
Balance carried forward 1/4/14	613
Approved uses:	
DHP Accrual	19
Money Advice System contribution	<u>28</u>
Balance remaining	<u>566</u>