
Report To:	Policy & Resources Committee	Date:	18 November 2014
Report By:	Chief Financial Officer & Corporate Director CHCP	Report No:	2014/P&R/AP/20
Contact Officer:	Alan Puckrin	Contact No:	712223
Subject:	Welfare Reforms Update		

1.0 PURPOSE

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

2.0 SUMMARY

- 2.1 Discretionary Housing Payment and Scottish Welfare Fund payments processes are operating well with the new DHP application process in particular achieving far greater take up with current levels sitting at over 90%.
- 2.2 The Single Fraud Investigation Service (SFIS) rollout is continuing across Scotland with Inverclyde due to take part from February 2016. It should be noted however that the outcome of the Smith Commission may impact on the continued role out of the SFIS in Scotland.
- 2.3 The DWP have announced accelerated geographical coverage of Universal Credit and indications are that the Council will be part of the initial group of Councils. These timescales are a cause of great concern for the Council given the amount of work which would be required to ensure effective implementation and these concerns have been communicated to the DWP.
- 2.4 The DWP are implementing an In Work Progression pilot within Inverclyde and the body of the report outlines progress made in this area.
- 2.5 There is significant activity in respect of Financial Inclusion with a comprehensive update within the report. However a concern of officers is that external funding from the Scottish Government, Lottery etc. is due to expire in the early part of 2015 for most projects. In light of this it is proposed that the Council Leader as the Chair of the Inverclyde Alliance write to the Scottish Government seeking re-assurance that the Scottish Government will continue to support the continued funding of these important advice and support services particularly given the delays in the wider roll out of Universal Credit.
- 2.6 The Committee is asked to consider 2 requests for funding. The first relates to the successful telephone triage project operated by the CHCP. This has proven to be a valuable addition to the Council's financial and welfare advice services and has helped direct individuals to the appropriate support. The second issue relates to further cuts in benefit costs brought in by the DWP which is resulting in a reduction in income for the Council's Homelessness Service.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the contents of this report.
- 3.2 It is recommended that the Committee agree that the Council Leader as the Chair of the Alliance Board writes to the Scottish Government seeking support to continue funding those projects set up in response to the Welfare Reform changes.
- 3.3 It is recommended that the Committee approve the 2 requests in Section 10 of the report for funding from the unallocated Welfare Reforms revenue budget.
- 3.4 It is recommended that the Committee note that a further update will be presented to the Committee at February's meeting.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 Regular reports have been presented to the 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 applications and achieved considerable success in developing cross partner working to support those impacted by the Welfare Reform agenda.
- 4.3 The Council allocated £3.2 million for the period 2013/16 in February 2013 to meet some of the costs caused by the Welfare Reform changes. Additional sums have been allocated by the DWP and the Scottish Government to supplement the funding allocated by the Council.

5.0 SCOTTISH WELFARE FUND AND DISCRETIONARY HOUSING PAYMENTS

- 5.1 The processes for dealing with applications for the Scottish Welfare Fund and Discretionary Housing Payments (DHP) are now well established and are operating well.
- 5.2 The latest position in respect of DHP is that the abridged application form used for the social sector size criteria (SSC) has been a significant success with latest figures indicating that over 93% of those entitled to support in relation to SSC in receipt of DHP payments. The remaining 7% have been specifically targeted by RSLs who will visit households and assist with completion of the abridged application form.
- 5.3 The Scottish Government has announced that it will fully fund the cost of DHP in relation to SSC and final confirmation of the sum due by the Council is awaited. In addition there is a budget of £71,000 for non SSC, DHP applications and latest projections are that the payments will be contained within this sum.
- 5.4 The Scottish Welfare Fund has received some 2200 claims by 31st October and of these almost 80% has been approved. This has resulted in payments of £451,000 and spend at present is in line with budget.

6.0 SINGLE FRAUD INVESTIGATION SERVICE (SFIS)

- 6.1 The Committee has been advised that the Housing Benefit Fraud Investigation function will transfer the DWP from February 2016.
- 6.2 The transfer of the benefit fraud function will result in a reduction in Inverclyde's benefit administration grant from 2016/17 and it is anticipated that the level of reduction will be higher than the current cost of running the Service. This therefore will result in a further cost pressure for the Council. It should be noted that separate national negotiations around this issue are continuing.
- 6.3 COSLA has established a group focusing on Councils' residual Corporate Fraud responsibilities and this group contains Directors of Finance, Benefits Practitioners and Audit Practitioners. Within the Council Internal Audit and Finance have commenced a scoping exercise and will report to the Corporate Management Team and thereafter to the relevant Committee with recommendations.
- 6.4 Finally it should be noted that whilst this is the current SFIS position there is a potential for future changes arising from increased devolved powers being discussed via the Smith Commission.

7.0 UNIVERSAL CREDIT

- 7.1 The DWP have recently announced an acceleration of their geographical rollout for Universal Credit. Their aim is to cover more areas of the United Kingdom even if this means only a tiny percentage of individuals maybe initially affected. A letter in this regard is attached as Appendix 1 to the report.
- 7.2 The latest indication regarding this acceleration is that there will be an initial rollout within parts of Scotland in February 2015 and a further rollout in May 2015. Indications are that the Council will be selected in the second wave.
- 7.3 The Scottish Government and COSLA are raising strong concerns with the DWP regarding these timescales particularly given the uncertainty caused around the future of welfare benefits arising from the Smith Commission work. Unfortunately the DWP appear to be determined to press on with the rollout.
- 7.4 From an Officer perspective there is a real concern about the Council's capacity to implement a rollout of Universal Credit, albeit for a restricted number of claimants, in this timescale. Finance Services will be required to develop and test new systems and processes, deliver training for housing benefit, council tax, changes around Scottish Welfare Fund and Customer Services. The extent of the development work required to be ready for implementation should not be under estimated.
- 7.5 At the same time there has been an announcement notifying an extension of the timetable to migrate current claimants to Universal Credit. It is anticipated that the revised timetable is partly to allow a digital solution to be developed. The solution is expected by May 2016 meaning the migration of current claimants could take until 2020. It can be seen that operationally this means the Council will need to operate two processes for a considerable period of time if Universal Credits has to be partially implemented from 2015.
- 7.6 Finally the Committee is asked to note that the Local Support Services agenda is now known as Universal Support - delivered locally (USdL). Initial scoping work with the DWP and Financial Inclusion Partnerships has commenced to identify all those with an interest in and a responsibility for this agenda.

8.0 IN WORK PROGRESSION PILOT

- 8.1 The DWP are piloting a scheme across Inverclyde and Renfrewshire to help residents reduce their dependency on welfare benefits. The In Work progression pilot commenced in September 2013 initially offering support to those in full time employment and reliant on in work, benefits such as tax credits and housing benefit. The team worked with 64 customers across Inverclyde and Renfrewshire and over a 6 month period to March 2014 13 Customers had increased their household annual income by a total of £67,000 with benefits savings totalling £27,000.
- 8.2 The pilot was reviewed earlier this year and the remit of the team was extended to include those who worked part time, those who attained temporary employment with Glasgow 2014 Commonwealth Games, those who applied to Inverclyde Council Scottish Welfare Fund and most recently partners of benefit claimants. By the beginning of October 2014 32 part time workers in Inverclyde had accepted support. Of those 9 have increased the number of hours that they work and no longer claim Job Seekers Allowance and 2 have started college. The team continue to work with 7 part time workers and the total benefits savings to date for this group totals £15,000.
- 8.3 Inverclyde Council's Discretionary Payment Team is piloting a referral pathway to the In Work Progression Team for those in employment but because of low income applied to the Scottish Welfare Fund to help with living expenses. Although uptake has been low offers continue to be made. The DWP is developing a similar referral pathway with River Clyde Homes.

9.0 FINANCIAL INCLUSION UPDATE

- 9.1 All of the successful projects funded through SLAB and Big Lottery Support and Connect are continuing to deliver. As reported to previous Committees, the majority of the external funding streams were in place to support the rollout of Universal Credit, however at present we still have no definitive implementation timescale for Inverclyde. As the majority of these external streams are due to finish in March/May 2015 it has been agreed that an evaluation of the current short term funded projects is essential to understand the impact of these projects if withdrawn. A report will be presented to the February 2015 Committee regarding proposals for the continuation and funding of some of these projects dependant on availability of Council funding.
- 9.2 It is proposed that the Leader of the Council as the Chair of the Alliance Board writes to the Scottish Government to seek assurances and support for the various external funding stream to be extended to ensure services remain in place for the extended Universal Credit rollout timeframe. Once positive development has been announced by SLAB that they are undertaking a review of their projects on behalf of the Government to identify which projects merit full or partial continued funding.
- 9.3 Inverclyde Advice First, the triage one stop phone number for information and advice relating to benefits/money advice commenced in March 2014 and took its 1000th call on 30th September 2014. This telephone line, now based at Hector McNeil House, is proving invaluable in supporting the wider community with relevant, timely information and advice, and referral onto the most appropriate service as required. By introducing this triage model, waiting lists for CHCP advice worker appointments have decreased considerably from 4 weeks to 2-3 days, with urgent cases being seen on the same day. Partner organisations have stated that they are finding with the introduction of the Advice First line their appointments are being utilised much more appropriately. This service has been funded from SLAB funding and is due to end in March 2015 however due to its impact and success; it is recommended that this service is mainstreamed through the Council's Welfare Reform allocation at a recurring cost of £60,320. If an extension to the SLAB funding referred to above is received then the main lining of the project will be delayed accordingly.
- 9.4 Both project strands of the Scottish Government Welfare Reform Resilience Fund are progressing. The development of Smarterbuys, the scheme for people to access white goods and furniture at discounted prices alongside a savings element, is currently at market testing stage. A visit to Durham by key partners to meet current Smarterbuys franchise staff was successful and allowed a range of questions and concerns to be alleviated. It is proposed that following the current market testing, Oak Tree Housing will become the main partner in a consortium approach with the Council and other key partners, with a proposed January/February 2015 commencement date.
- 9.5 Inverclyde is the first Local Authority in Scotland to develop the Smarterbuys scheme and the partnership approach to a case management and referral system is seen to be innovative. Both of these projects have attracted interest from other Scottish Local Authorities and a recent presentation at a national event has seen a number of requests for further information.
- 9.6 The Committee will be aware of previous reports regarding Grand Central Savings. This organisation has been supported financially in the main by Inverclyde Council and River Clyde Homes since 2010 and has provided a basic banking service for clients who previously have been unable to access mainstream bank accounts. The Council's commitment was to end in 2013 however due to funding requests from the Grand Central, this commitment in terms of £22,000/year for rent costs has continued in 2014 and is in place currently until March 2015. Concerns regarding the direction of travel for the future; lack of sustainable funding model; and delivery against key outcomes have prompted officers from both organisations to consider that it is an appropriate time to review their funding of Grand Central Savings. Options will be presented to the Committee early in 2015.

- 9.7 The Oakley Report on JSA Sanctions and the Government's response were both published on July 22nd with the Westminster Government indicating acceptance of all the Oakley recommendations. The key improvements relate to: reducing unnecessary stoppage of Housing Benefit, ending suspensions of benefit prior to a decision, relaxation of the conditionality requirements on homeless claimants and a commitment to defining a timescale for mandatory reconsiderations.
- 9.8 Of note is that the stoppage of Housing Benefit was an issue already identified and addressed by Officers in Inverclyde with steps to mitigate already in place. Both the issues of poor communication and suspension before a decision as to disentitlement/sanction is made, were areas of concern identified in the last report to Committee. In order to best support clients, discussion is on-going between Council Officers and DWP with the proposal that the Guide to Sanctions leaflet developed locally could be issued when any client is sanctioned. This is currently under discussion.
- 9.9 In addition, agreement has been approved from DWP HB Security Division permitting the Benefits Team to share 'Sanction' information received from DWP with the CHCP Advice Team. An information sharing protocol has been approved and a process will be in place to ensure all clients who are known to the benefits team as having been sanctioned will be contacted by the Advice team to offer support as appropriate.
- 9.10 Information from DWP in July 2014 is that there were 210 PIP claims in payment in Inverclyde. We are now supporting new clients who are applying for PIP and have had 68 telephone contacts to Inverclyde Advice First Triage for PIP since April. In addition there have been 24 referrals for Tribunal representation with 13 appeals having been heard and 11 awaiting listing by HM Courts and Tribunal Service. Nationally the volume of appeals is artificially low, attributable to a hiatus in relation to DWP decision making with less than 25% of all PIP claims made decided. As the logjam clears numbers seeking assistance from Advice Services will undoubtedly increase significantly.
- 9.11 The migration process of current recipients of DLA in Inverclyde over to PIP will start to gain momentum by October 2015. The DWP statistical release on September 17th indicates that a third of DLA claimants subject to the migration process to PIP are unsuccessful resulting in complete loss of disability benefit. The migration process will have affected the 4,030 working age claimants receiving DLA in Inverclyde as at February 2014. On the basis of the current national trend 1,029 stand to lose entitlement to disability benefit. The Scottish Government (Financial Impacts of Welfare Reform on Disabled People in Scotland) estimate the least possible financial loss to be a yearly figure of £1,120 per claimant. The potential loss to the Inverclyde economy as a result of the migration process can therefore be conservatively estimated at £1.3million per annum.
- 9.12 Previous reports to Committee have outlined a proposed short term project between Renfrewshire CAB and Inverclyde Financial Inclusion Partnership which was to support JSA claimants to move from Post Office Card Accounts to mainstream banking in time for Universal Credit rollout. Unfortunately Renfrewshire CAB Board did not approve this proposal and discussions are still on-going between Citizens' Advice Scotland, DWP and Inverclyde Financial Inclusion partners. CAB has proposed that they base an Officer in JC offices to offer advice services. DWP have stressed that any support offered by CAB requires to be delivered in partnership with local advice provided by the range of Financial Inclusion Partners, and should not be duplicated services.

10.0 FUNDING REQUEST

- 10.1 There are two funding requests contained in this report as follows:
- (a) Telephone Triage Service – External Funding was used to temporarily fund a telephone triage service which initially operated from the Customer Contact Centre and was operated by the CHCP. Details of the schemes successful are included in Paragraph 9.3.

- (b) Changes to benefits for temporary accommodation are leading to a reduction in income for the Council's Homelessness Service. It is estimated that the annual costs will be approximately £115,000 and this cost is unavoidable based on the current number of tenancies operated by the Homelessness Service. It should be noted that the Corporate Director CHCP is carrying out a review of the Homeless service and options to see whether this cost pressure can be reduced will be included.

10.2 Officers would recommend that both these funding requests are approved and funded from the unallocated Welfare Reforms Revenue Budget. Subject to the caveats above.

11.0 IMPLICATIONS

11.1 Financial:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virements From	Other Comments

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virements From (If Applicable)	Other Comments
CHCP	Financial Advice	2015/16	62		Funded from unallocated WR revenue budget
Benefits	Income	2016/17	115		

11.2 Legal Implications

None

11.3 HR Implications

Maintaining the triage service will create 2 permanent advice worker posts.

11.4 Equalities Implications

None

11.5 Repopulation Implications

The Council and its partners continue to work hard to mitigate the impacts of Welfare Reform on the local community. This action will assist in retaining individuals in the area.

12.0 CONSULTATION

12.1 This has been produced in consultation from Officers from Finance and CHCP and is based on discussions at the Welfare Reforms Officer Board which is also attended by the DWP and River Clyde Homes.



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29 September 2014

For the attention of:
Chief Executives,
GB Local Authorities

Dear Colleague,

I wrote to you on 30 April, setting out our plans for the roll out of Universal Credit in the North West of England. I am pleased to say that tranche one rolled out successfully during June and July including expanding the service to new claims from couples.

On 1 September the Department laid the commencement order covering the continued roll out of Universal Credit to the remaining Local Authorities in the North West of England. This stage of the roll out began on 15 September and the new service is already available in over 50 Jobcentres in England, Scotland and Wales covering 26 different Local Authorities. Once complete by Christmas, nearly 100 Jobcentres across Great Britain will offer Universal Credit to single people and couples.

We are also on track to further expand the service for new claims from families from the autumn. I will share further details with you about this nearer the time. A list of the current live Universal Credit sites can be accessed through the following link <https://www.gov.uk/jobcentres-where-you-can-claim-universal-credit>

I am pleased to tell you that today the Work & Pensions Secretary, Rt. Hon. Iain Duncan Smith has announced that Universal Credit will be rolled out across the country to all Jobcentres and Local Authorities from early next year. National expansion of Universal Credit will commence from February 2015 for single claimants previously eligible for Jobseekers Allowance.

This updates some details given in my April letter and represents a significant acceleration in one of the Government's biggest reforms and is a sign of the success of the policy so far. This approach is consistent with our *test and learn* commitment to expand the service in a safe, secure and controlled manner. This plan will ensure we establish Universal Credit across Great Britain with new claims to legacy benefits closed from 2016 with migration to follow thereafter.

Finally I would like to update you on the progress that we have made on the Local Support Services Framework.

On 10 July 2014 Ministers announced the successful partnerships that will formally trial aspects of local support, now referred to as 'Universal Support – delivered locally', these trials began on 1 September in eleven partnership areas across Great Britain. These trials will help to inform future delivery and will include the sharing of data, skills and estate to support more households into work.

The rebranding brings Local Support Services into the Universal Credit family. The original name was seen as a working title as the framework was produced but now that we have moved into a formal testing arena it is more appropriate to use a name that reflects that the support itself will be available and delivered locally rather than continuing to refer to the framework.

The expansion of Universal Credit during 2015 will also allow us to build a secure platform for the introduction of Universal Support by mobilising local partnerships nationwide, putting in place a robust infrastructure ready for later expansion to all claimant groups, including the more complex and vulnerable.

To ensure the right integrated local foundations are established for expansion, the Department will put in place Delivery Partnership Agreements between Jobcentre Plus and Local Authorities to make available funded support for those who need extra help. Funding for these arrangements will be negotiated individually, and will not directly affect the figure agreed to administer Housing Benefit during the 2015/16 financial year.

We are working closely with the national Local Authority associations (LGA, WLGA and COSLA) and other Local Government representatives to determine the details of the roll out. We will be in touch with each authority in good time before you are directly affected, to give you further information and begin preparations.

May I take this opportunity to thank you for your on-going support in the delivery of Universal Credit and I look forward to initiating more integrated planning with you at both national and local level to align our expansion plans from early 2015.

Yours sincerely

Ann Harris
Universal Credit Programme Director
Department for Work and Pensions