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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>24 March 2015</b>
<b>Report By:</b>	<b>Chief Financial Officer and Corporate Director CHCP</b>	<b>Report No:</b>	<b>FIN/14/15/AP/LA</b>
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<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 Committee with an update in respect of various aspects of the Welfare Reform agenda.

## 2.0 SUMMARY

- 2.1 The Scottish Welfare Fund continues to operate well and the report contains a request for virement from Crisis Grants to Community Care Grants and advises of a projected year end carry forward to 2015/16.
- 2.2 The Discretionary Housing Payments process is working well with the latest position indicating a 99% take up in the Social Sector Size Criteria (SSSC) claims. This will require the Scottish Government to provide the Council with extra funding as the Government has committed to fully underwrite all the costs associated with SSSC. The DWP have announced a reduction of 33% in the amount of non SSSC DHP funding for 2015/16. An amended Policy requiring approval is attached at Appendix 2.
- 2.3 On the 17 February it was confirmed that Inverclyde would be tranche 3 of the move to Universal Credit. This indicates an operational date of September/October 2015. It is expected that those eligible to claim Universal Credit will be in very small numbers initially and the Council will work with the DWP towards achieving the go live date.
- 2.4 The report contains an update in respect of externally funded projects and confirms those projects where extra funding was allocated at both the February Policy & Resources Committee but also at the Full Council on 19 February as part of the overall budget. Further requests for the utilisation of the Earmarked Reserve will be brought back to the next Committee.
- 2.5 A separate report elsewhere on the agenda provides information in respect of Grand Central Savings.
- 2.6 It has been confirmed that there has been a significant reduction in the DWP backlogs relating to Personal Independence Payments (PIP). This has now resulted in a steady increase of appeals which will be supported by Welfare Rights Officers within the CHCP Advice Service.

## 3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the latest position in respect of Welfare Reforms and the actions being taken by Officers.
- 3.2 It is recommended that the Committee approve a request to vire £140,000 from Crisis Grants to Community Care Grants.

3.3 It is recommended that the Committee approve the amended Non-SSSC Discretionary Housing Payment Policy contained in Appendix 2.

Alan Puckrin  
Chief Financial Officer

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 coordinated funding applications and achieved considerable success in developing projects to support those impacted by the Welfare Reform Agenda.
- 4.3 The Council allocated £3.2 million for the period 2013/16 to meet some of the financial pressures generated by Welfare Reform changes. Additional sums have been allocated by the DWP and the Scottish Government to supplement further funding allocated by the Council via Earmarked Reserves.

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

- 5.1 The Scottish Welfare Fund continues to operate well and appendix 1 provides details on the latest position in respect of awards and the overall budget.
- 5.2 From the appendix it can be seen that the Council is going to overspend against the 2014/15 allocated budget but due to the fact that there was a significant carry forward from 2013/14, the Council will be able to carry forward approximately £130,000 into 2015/16.
- 5.3 The Scottish Government has confirmed that whilst SWF funding is ring-fenced, it can be vired between Crisis Grants and Community Care Grants. In light of this, it is proposed that £140,000 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.
- 5.4 A new payment mechanism, All Pay will be introduced from April 2015 as an alternative to BACS payments. All Pay Visa debit cards will be credited to the value of the grant and issued to the applicant, their representative or their support worker, allowing instant access to funds to purchase the items needed by the applicant. All Pay is widely accepted in retail outlets with some exceptions, specifically licensed premises.
- 5.5 Discretionary Housing Payments continues to operate very well with the latest position being that 99% of those eligible for support in relation to the Social Sector Size Criteria (SSSC) have applied for funding. This is extremely encouraging and is evidence of the close working between the Council and RSL's.
- 5.6 Application to the Scottish Government's 2014/15 £3m residual fund will be required to meet the projected shortfall for DHP Social Sector Size Criteria (SSSC) expenditure. The shortfall is projected to be in the region of £50,000.
- 5.7 The Department for Work and Pensions notified that the 2015/16 national DHP budget will reduce from £165m to £125m and that Inverclyde's 2015/16 DHP allocation will reduce by £25,000 to £185,910.

Two adjustments to the DHP policy are proposed to ensure the Council stays within budget and relate to awards for those other applicants unaffected by the SSSC.

- The budget set aside to assist those supported by the Homelessness service moving into the private rented sector will be reduced to an upper limit of £10,000.
- In the private rented sector, and unless the applicant is aged less than 35 years, DHP will be awarded for no more than 12 months or will be limited to a period of 6 months if at 1<sup>st</sup> April 2015 payment had been made for the preceding 12 months.

- 5.8 In line with arrangements at the start of the current financial year, all DHP applications active at 31<sup>st</sup> March 2015 will be rolled forward for an award to be made in 2015/16, thus removing the burden on customers to reapply. It is a manual process to reinstate awards and this task will take a number of weeks to complete. Housing Associations will be kept informed of progress.

## **6.0 UNIVERSAL CREDIT**

- 6.1 The Department of Work and Pensions have now confirmed that Inverclyde Council will begin the payment of Universal Credit for a very small number of claimants from September/October 2015. A number of Councils in Scotland will have gone live with Universal Credit some months before that date and Officers will learn from the experiences in these Councils when developing the processes and protocols.
- 6.2 Initially it is intended that Universal Credit will apply to new single claimants who would currently be eligible for JSA. Once other potential exclusions are taken into account it is not expected that the number of claimants will be more than a couple of dozen in initial months. However it is important that the Council has robust embedded processes to deal with these claims as the numbers could potentially thereafter increase quite significantly.
- 6.3 In preparation for the roll out of Universal credit in Inverclyde in October 2015 a formal presentation followed by useful discussion was delivered by DWP and CHCP Advice service to colleagues within the Financial Inclusion Partnership in early February 2015. The technical challenges related to Universal Credit implementation and delivery are significant and new information will arise as the national rollout continues. In order to be best prepared for the rollout, DWP and Council officers have established the USDL Steering Group (Universal Services Delivered Locally) for partners to come together to discuss the implementation. In addition it is thought useful to convene a short life group involving Council officers to discuss the implementation within the Council context.
- 6.4 The CHCP Advice Services Team has developed a programme to deliver a range of awareness sessions on Universal Credit for CHCP colleagues, partners and the wider community which is scheduled to begin in February and will continue as required to ensure all relevant staff, partners and the wider communities it will affect, are aware of UC implementation and its impact.

## **7.0 FINANCIAL INCLUSION UPDATE**

- 7.1 At the February Policy & Resources Committee Members approved £50,000 of one off payments from the Earmarked Reserve to support Financial Fitness (£30,000) and Starter Packs (£20,000) in 2015/16. In addition as part of the 2015/17 Revenue Budget the Council agreed to allocate £100,000 from the Earmarked Reserve in order to increase clothing grants for a four year period from £80 to £90 per child.
- 7.2 Further proposals for the utilisation of the Earmarked Reserve will be brought back to the next Committee.
- 7.3 The CHCP Advice Service and its partners in the Advice First project (Financial Fitness and Legal Services Agency) and Riverclyde Homes Extracare Plus project, have received in principle confirmation from SLAB (Scottish Legal Aid Board) confirming an 18 month extension to the current funding until September 2016. This is a very welcome outcome.
- 7.4 At the last Committee it was reported that an update in respect of Grand Central Savings would be provided to Members. A full report on the situation with Grand Central Savings is elsewhere on the agenda and a Committee decision on this issue is requested as part of that report.
- 7.5 Committee has been previously advised regarding the on-going discussion between Citizens' Advice Scotland (CAS) and Inverclyde Financial Inclusion Partnership. Colleagues within DWP (on behalf of the partners) are pursuing this funding and the implementation of suitable project proposals however there is no further update at present.

- 7.6 The CHCP Advice Service recently procured a bespoke case management system Myadvice (Brightoffice). This system has been custom built to meet the Advice Service's needs to utilise a robust case and performance management system for Welfare Benefits; Welfare Rights and Money Advice. Following an intensive period of development, testing and training, the system went live on Monday 9th February 2015. Phase 2 of this system will be a web based referral portal for all Financial Inclusion partners to use to refer clients to appropriate advice services. This system along with the Advice First Triage model will ensure clients who require welfare benefits and money advice will be supported timeously and to a high standard.
- 7.7 Members have previously been advised of the significant backlogs in respect of the assessment for award of Personal Independence Payments. The DWP has now confirmed that there has been a significant reduction in these backlogs and that claims are now being processed timeously. This has however resulted in an increase in the number of appeals which will put strain on the Council's resources and those of its partners. This matter needs to be considered when making decisions on the future use of the Earmarked Reserve.

## 8.0 SINGLE FRAUD INVESTIGATION SERVICE

- 8.1 As previously reported, it is still intended that a Single Fraud Investigation service will operate within Inverclyde from 2016. A number of Councils have already implemented the Single Fraud Investigation service within their boundaries and again officers are learning from the experiences in these areas.
- 8.2 Discussion in respect of the impact of the small number of employees who will potentially transfer to the DWP as part of this exercise has now commenced.

## 9.0 IMPLICATIONS

### 9.1 Finance

#### 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
N/A					

#### Legal

- 9.2 There are no legal implications arising from this report.

## **Human Resources**

- 9.3 Close liaison with the employees and the Trade Unions will take place in respect of the implementation of the Single Fraud Investigation Service.

## **Equalities**

- 9.4 There are no equalities implications arising from this report.

## **Repopulation**

- 9.5 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

## **10.0 CONSULTATIONS**

- 10.1 This report is being produced in consultation with officers from Finance and the CHCP and reflects the discussions and decisions of the Welfare Reform Officer Board which is also attended by the DWP and Riverclyde Homes

## **11.0 LIST OF BACKGROUND PAPERS**

- 11.1 None

**Scottish Welfare Fund**  
**31 January 2015**

Calls Answered	9818		
Applications	3115		
Applications Granted	2460	78.97%	
Applications Refused	478	15.35%	Note 3
Applications Withdrawn	108	3.46%	
In Progress	69	2.22%	
Referrals to DWP	254		Note 2
		<u>Budget</u>	<u>Spend</u>
		<u>£000</u>	<u>%</u>
Crisis Grant paid (1631)	£123k	208	59.13%
Community Care Grants paid (914) (includes 85 applications paying both CCG & CG)	£511.9k	697	73.44%
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	£634.9	906	70.07%

**Note 1** 1<sup>st</sup> Tier Reviews = 61 (1.96%)  
1<sup>st</sup> Tier Reviews Upheld in Customer Favour = 11 (18.03%) with 2 awaiting decision  
2nd Tier Reviews = 7 (14.58%) out of 48 reviews refused  
2nd Tier Reviews Upheld in Customer Favour = 0 (0%)

**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.

<b>Category</b>	<b>Circumstances</b>	<b>Maximum Duration of Award/ Award to be reviewed</b>	<b>Amount of DHP (up to the stated % of the shortfall between HB and the rent charge – or otherwise stated)</b>	<b>Examples of Supporting Evidence</b>
1	Claimants affected by the Social Sector Size Criteria (Working Age Housing Benefit claimants living in Housing Association tenancies)	Until end of financial year	100% of the SSSC reduction	HB records
2a.	Claimants supported by the Homelessness Service in the Private Rented Sector	12 months	100%	Homelessness records
2b.	Benefit Cap	Until end of financial year	50%	HB records
3	Financial Hardship – Less than £20 income over expenditure each week	Until end of financial year	50%	Claimant statement/HB Assessment

**Notes**

DHP is awarded in order of priority with applications meeting the criteria for Category 1 being the first priority to Category 3 being the lowest priority

Category 1

- Applicants in category 1 are not subject to a financial assessment

Category 2

- Applicants in category 2 are subject to a financial assessment. Applicants are approved where income is less than £20 more than essential expenditure. Disability Living Allowance is disregarded as income although all other income is taken into consideration.
- Awards for claimants supported by the Homelessness Service in the Private Rented Sector are limited to the equivalent of the difference between the HB award and one rate above the LHA rate for the household's requirements or the LHA 2 room rate, whichever is higher. Affordability of those supported by the Homelessness service will be monitored closely subject to an upper annual budget of £10k.
- Those affected by the Benefit Cap renting in the private rented sector – DHP is awarded based on the difference between HB and the LHA rate applicable to the household's requirements
- Those affected by the Benefit Cap renting in the social sector – DHP is awarded based on the difference between HB and the rent charge



Category 3

- Applicants are approved where income is less than £20 above essential expenditure. Disability Living Allowance is disregarded as income although all other income is taken into consideration. This category will also be monitored closely and could be subject to review depending on the level of spend.
- In the private rented sector DHP is awarded based on the difference between HB and the LHA rate applicable to the household's requirements or the 1 room rate for those under the age of 35 years
- In the social sector DHP is awarded based on the difference between HB and the rent charge
- In the private rented sector, and unless aged less than 35 years, DHP will be awarded for 12 months or will be limited to a period of 6 months if at 1<sup>st</sup> April 2015 payment was made for the preceding 12 months.