
Report To:	Policy & Resources Committee	Date:	19th May 2015
Report By:	Chief Financial Officer & Corporate Director IHSCP	Report No:	FIN/33/15/AP/LA
Contact Officer:	Alan Puckrin	Contact No:	01475 712223
Subject:	Welfare Reforms Update		

1.0 PURPOSE

- 1.1 The purpose of this report is to provide Committee with an update in respect of the various aspects of the Welfare Reform agenda and to also provide Committee with an update in respect of the Welfare Reform Revenue budget and Earmarked Reserve.

2.0 SUMMARY

- 2.1 The Scottish Welfare Fund and Discretionary Payments processes continue to operate well and the draft year end 2014/15 position for both funds is shown in appendix 1. Both funds have overspent against their core 2014/15 funding.
- 2.2 Initial discussions have commenced regarding the implementation of the Universal Credit within Inverclyde and reports will be brought back to Committee at the appropriate time on this matter. In addition an All Member Briefing will be organised prior to the summer recess.
- 2.3 There have been developments in respect of a number of externally funded projects and a request for one off increased funding is contained in the body of the report. In addition various other updates in relation to the Financial Inclusion Partnership are included in the report.
- 2.4 Significant provision had been made within the recurring Welfare Reforms Budget for an expected contribution from the Council towards the cost of the Council Tax Reduction scheme. Based on latest information and now that the Scottish Government has confirmed its funding to the Council for 2014/15 and 2015/16 it would appear that no contribution will be required for these years. This has resulted in a significant underspend in 2014/15 and a projected underspend in 2015/16.
- 2.5 This position is in line with other Councils and as such it is expected that as part of the 2016/17 spending review by the Scottish Government that this matter will be addressed. As such the sum allocated of £330,000 should be retained for future year's budgets. This anomaly has however generated a one off underspend of £780,000 across 2014/16 and it is proposed that this be added to the overall General Fund Reserves.
- 2.6 The Committee is asked to note that the recurring Welfare Reforms Budget will be reviewed as part of the 2016/18 Revenue Budget and will take into account further expected pressures arising from the implementation of Universal Credit and the impact of any policy initiatives from the Council.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the latest position in respect of the Council's response to the Welfare Reform changes.
- 3.2 It is recommended that the Committee consider and approve the request for additional one off

funding contained in section 7 of the report.

- 3.3 It is recommended that the Committee note the latest position in respect of the recurring Welfare Reform Revenue Budget and agreed that the Council Tax Reduction scheme underspend of £780,000 over 2014/16 be allocated to the General Fund Reserves.
- 3.4 It is recommended that the Committee note that the recurring Welfare Reform Revenue Budget will be reviewed as part of the 2016/18 Revenue Budget process.

Alan Puckrin
Chief Financial Officer

Brian Moore
Corporate Director
Inverclyde HSCP

4.0 BACKGROUND

- 4.1 Regular reports have been presented to Committee detailing the main Welfare Reform changes and the Council's responses.
- 4.2 The Financial Inclusion Partnership has co-ordinated 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 the Welfare Reform changes. Additional sums have been allocated by the DWP and the Scottish Government to supplement further one off funding allocated by the Council via Earmarked Reserves.

5.0 SCOTTISH WELFARE FUND AND DISCRETIONARY HOUSING PAYMENTS

- 5.1 Both the Scottish Welfare Fund and the Discretionary Housing Payment processes continue to operate well and Appendix 1 provides details on the latest position. From the appendix it can be seen that the SWF overspent by £42,000 against the core 2014/15 grant however, due to the large underspend in 2013/14 the Council will carry forward an earmarked reserve of £132,000 to 2015/16.
- 5.2 The Council is projecting to spend £912,000 on DHP an overspend of £30,000. £25,000 of this overspend relates to the Social Sector Size Criteria payments which has been underwritten by the Scottish Government.
- 5.3 The last meeting of the Committee agreed not to reduce the funding allocated to the non Social Sector Size Criteria Discretionary Housing Payments budget in 2015/16. This followed a cut of £24,000 in funding by the DWP in 2015/16 and it was agreed that this cut in funding be met by the Council for 2015/16 while the matter be reviewed as part of the 2016/18 Revenue Budget process.

6.0 UNIVERSAL CREDIT

- 6.1 As previously advised the Council will implement Universal Credit with effect from October 2015. Whilst this will initially only impact on a very small number of claimants it is anticipated that the numbers will rise significantly in the medium term.
- 6.2 Meetings have now commenced to scope out the Council's role in the implementation of Universal Credit and to develop processes and agreements with various partners in order that the Council can appropriately support those impacted by the implementation of Universal Credit.
- 6.3 Further updates will be brought back to on the implementation of Universal Credit and a specific All Member Briefing will be organised for Members prior to the summer recess.

7.0 FINANCIAL INCLUSION PARTNERSHIP

- 7.1 Previous reports to Committee have advised on the lengthy discussions with Citizens Advice Scotland who were initially receiving funding from the Scottish Government to deliver welfare reform mitigation services within Inverclyde. The Scottish Government has now agreed to provide £23,000 funding to Inverclyde directly for 2015/16 rather than pursue a CAB service. Following discussion with the Scottish Government, this funding will go to Inverclyde Council on Disability (ICOD) to enable an advocacy/advice worker to be employed to support vulnerable clients attending PiP medicals and other DWP assessments.
- 7.2 Information received from the DWP website initially advised that the Duff Street Assessment Centre in Greenock was listed to close on the 16/3/15 with all DWP medicals/assessments being

transferred to the Glasgow office. This was challenged by officers and the Council has now been informed that this advertised closure was incorrect and that the office will remain open for work capability assessments.

- 7.3 The timetable has been issued advising that the process of reassessments for DLA claimants will be extended to Inverclyde from 28th May 2015. This means that in addition to all new claimants, any DLA claimant whose award ends after 12th October 2015 will be required to claim PIP. In addition, any claimant who reports a change of circumstances from 28th May 2015 or any DLA claimant who turns 16 will be reassessed for PIP. The Financial Inclusion Partnership will ensure awareness of this for all affected clients.
- 7.4 A further meeting took place on 27th March with officers from RCH, Council and two directors from Grand Central Savings Board, unfortunately their Chief Executive was unable to attend. The board directors were advised on the decisions made by both RCH and the Council with regard to future funding and the circumstances which led to these decisions. Grand Central Savings agreed to discuss this internally and revert to the relevant Council officer however to date there has been no further communication.
- 7.5 Unfortunately the Lottery funded Support and Connect projects Inverclyde Connections and Supporting Inverclyde Future Skills will not be continued by the Lottery as that funding stream has now closed. Both projects are seeking external funding until March 2016 whilst they apply to a range of organisations for sustainable funding. Inverclyde Connections costs for continuation from September 2015 till March 2016 are £122,000 and have requested funding of £51,000 from the Council's Welfare Reform Fund (Appendix 3 has further information).
- 7.6 Due to underspend in the funding and contribution from partners, Supporting Inverclyde Future Skills project is able to continue until September/October 2015. A request for contribution from the Council's Welfare Reform Fund to continue this project until March 2016, will be submitted to the August Committee.

8.0 COUNCIL TAX REDUCTION SCHEME

- 8.1 Committee will recall that the Council Tax Reduction Scheme was brought in to replace Council Tax Benefit in 2013/14.
- 8.2 The former Council Tax Benefit budget was devolved to the Scottish Government from the DWP in order that the Scottish Government thereafter could develop its own scheme in consultation with Councils.
- 8.3 At the time it was estimated that there was a £40 million funding difference between the amount of money allocated by the DWP and the cost of the scheme implemented by the Scottish Government. It was agreed that £23 million of this sum would be paid by the Scottish Government whilst the remaining £17 million would come from Councils' own resources. Based on Inverclyde Council's expected share, a sum of £330,000 was set aside from the Welfare Reforms recurring Revenue Budget.
- 8.4 In 2014/15 the DWP reduced their funding further by £8 million and as a result the estimated cost to the Council of the Council Tax Reduction Scheme in 2014/15 increased to £450,000.
- 8.5 Based on the final grant allocation from the Scottish Government and the latest Council Tax Reduction update figures within Inverclyde it is apparent that the Council will not require to fund any Council Tax Reduction costs in 2014/15 and given that the grant allocation for 2015/16 has now been agreed and distributed then this will be repeated in 2015/16.
- 8.6 There are 2 main reasons for this reduction in Council Tax Reduction costs:
 - a) Reduction in overall case load – Over the last 7 quarters there has been an average 1% reduction per quarter in the number of Council Tax Reduction claims across Inverclyde. This could have arisen due to both a reduction in the number of claimants based within Inverclyde but also an increase in former claimants finding work or increasing working hours.

- b) Reduced amount being paid out per claim – The continuation of the Council Tax freeze and the continued uprating of benefits received by claimants means that the gap between the Council Tax due and the income received by claimants has narrowed and as such the amount of Council Tax Reduction support needed has dropped.

8.7 This situation is not unique to Inverclyde and as such it is expected that the Scottish Government will review the funding of the Council Tax Reduction Scheme as part of the 2016/17 budget settlement. Therefore it is important that the Council continues to make provision of £330,000 in future years albeit the amount allocated may require to be amended following further detail arising from the 2015 Spending Review.

9.0 OVERALL BUDGET POSITION

9.1 In light of the Council Tax Reduction position outlined in section 8 there is now a significant underspend in the 2014/15 Welfare Reforms recurring budget. Based on previous years treatment this would have been added to the Welfare Reforms Earmarked Reserves however given the scale of the underspend arising from the Council Tax Reduction scheme it is proposed that both the 2014/15 underspend of £450,000 and the projected 2015/16 underspend of £330,000 be transferred to the General Fund Reserve. Appendix 2 shows the latest position of the Revenue Budget and Earmarked Reserve on the basis that the proposals in this report are approved. In line with the recommendations contained in a separate paper elsewhere on the agenda Members can consider how best to utilise the General Fund Reserve balance at the September meeting of the Policy & Resources Committee.

9.2 It is important that the Committee is aware that there are further significant pressures on the horizon in respect of the Welfare Reform changes. These include staffing implications arising from the implementation of Universal Credit, the impact of Universal Credit on temporary accommodation costs and the associated reduction in management costs funded by the DWP plus policy initiatives proposed by the Council such as the creation of Credit Union accounts for school children.

10.0 IMPLICATIONS

Finance

10.1 Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
Benefits	Council Tax Reduction	2014/16	780		Transfer to General Fund Reserve
Earmarked Reserve	Welfare Reform	2015/16	51		One off funding request detailed in Section 7

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
N/A					

Legal

10.2 There are no legal implications arising from this report.

Human Resources

10.3 There are no HR implications arising from this report.

Equalities

10.4 There are no equalities implications arising from this report.

Repopulation

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

11.0 CONSULTATIONS

11.1 This report is produced in consultation with Officers from Finance and HSCP and reflects the discussions and decisions with the Welfare Reform Officer Board which is also attended by the DWP and Riverclyde Homes.

10.0 LIST OF BACKGROUND PAPERS

10.1 None.

Scottish Welfare Fund
31 March 2015

Calls Answered	11673		
Applications	3826		
Applications Granted	2998	78.36%	
Applications Refused	588	15.37%	Note 3
Applications Withdrawn	185	4.83%	
In Progress	55	1.44%	
Referrals to DWP	310		Note 2
	<u>Spend</u> <u>£000</u>	<u>Budget</u> <u>£000</u>	<u>Spend</u> <u>%</u>
Crisis Grant paid (1971)	148.5	208	71.39%
Community Care Grants paid (1132) (includes 105 applications paying both CCG & CG)	625.5	697	89.74%
	<u>774</u>	<u>906</u>	85.43%

Note 1 1st Tier Reviews = 73 (1.94%)
 1st Tier Reviews Upheld in Customer Favour = 15 (20.54%) with 1 awaiting decision
 2nd Tier Reviews = 8 (14.04%) out of 57 reviews refused
 2nd Tier Reviews Upheld in Customer Favour = 0 (0%) with 1 awaiting decision

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.

Note 4 2014/15 Core Grants Budget was £732,000

Discretionary Housing Payments
31 March 2015

New Applications

New Applications Received to date	1520		
Applications Approved	1060	(69.74%)	
Applications Refused	126	(8.29%)	
Applications - No Action	329	(21.64%)	DHP paid as 'Renewal'
Awaiting Supporting Evidence	0	(0%)	
New Applications still to be assessed	5	(0.33%)	4 from RSL tenants
SSSC applications not returned by 31.3.15	14		

£000

Paid to date	904	Paid to Landlords a month in arrears
Commitments	5k	Assumes existing claims run their course
Includes Non-SSSC (£52K)		
New Applications to be assessed	3	Estimate based on current average weekly award of £13.15 (as at 31.3.15) if applications still to be assessed paid for full financial year 2014/15
Total Projected Spend	<u>912</u>	

Current 2014/15 DHP Grant is £882k. Scottish Government to make additional funding available in May 2015 to meet DHP/ SSSC overspend.

Reviews requested: 37 (1.5%)

Welfare Reform - Use of Recurring Budget

	2014/15 £000	2015/16 £000	2016/17 £000	Future Years £000	
Available	(1,100)	(1,300)	(1,276)	(1,276)	
DHP - Assume all funded	-	-	-	-	
SWF - Administration Shortfall	72	72	48	48	
Council Tax Reduction Shortfall	-	-	330	330	
Square 40% Eligible Overpayments shortfall	83	83	83	83	
Benefit Administration Grant Cut	47	86	146	146	Note 1
SFIS Transfer - Excess Administration Grant Cut			40	40	
Financial Advice - Initial Allocation	200	200	200	200	
- Triage Service	-	0	30	62	Note 2
Temp Accommodation Subsidy Reduction	-	-	-	115	Note 3
P&R Approval Projects -					
Clothing Grants	45	45	45	45	
Food Bank	12	12	12	12	
Starter Packs	7	7	7	7	
iHeat	40	40	40	40	
Transfer to General Fund Reserve	450	330	-	-	
Balance Available	(144)	(425)	(295)	(148)	

Notes:

- 1/ Estimate only for 2016/17 and Future Years.
- 2/ Approved November 2014.
- 3/ Depends on timing of Universal Credit Roll Out.
- 4/ Excludes additional impact of SFIS transfer from anticipated
Creation of Corporate Fraud Post £35,000
Transfer due February 2016

Earmarked Reserve

	£000
Balance 31/03/14	613
Less: Money Advice Management Software	-28
: DHP (paid in 2014/15 relating to 2013/14)	-18
: 2013/14 iHeat allocation carried forward	-34
: Financial Fitness (3/12/15)	-30
: Starter Packs (3/12/15)	-20
: Clothing Grants (19/12/15)	-100
: Earmarked Reserves Write Back (19/02/15)	-60
: Grand Central Savings Rent to 30/09/15	-11
: Non-SSSC DHP Support 2015/16 (24/03/15)	-24
: Inverclyde Connections (19/5/15)	-51
: Add - 2014/15 Underspend	144
Balance as at 30/04/15	381

Future Skills funding request to come to August P&R.

AP/MMc
30/04/2015

Inverclyde Connections Project

Inverclyde Connections Project was established to increase the capacity of Inverclyde Financial Inclusion Partnership services to provide better support for people needing additional support in managing their benefits and finances and linking up with other services that can enhance their wellbeing.

It is delivered by a consortium between Inverclyde Council on Disability (ICOD); Inverclyde Advice and Employment Rights (IAER); Financial Fitness and Inverclyde HSCP Advice Services team.

The project targets the hardest to reach clients mainly those with a disability or addiction through outreach offering benefits advice, intensive 1:1 mentoring support and strengthen links to other services to ensure a holistic and lasting approach to address needs. The project also assists those moving into work or in work to maximise their income and other entitlements and enable local employers to better understand the implications of benefit reform for their business and their employees offering practical advice and information as to how best to cope with these changes.

The project is delivered through a mix of office-based, outreach and home visit services, enabling a flexible response to meet client individual needs. The project uses existing networks through the Financial Inclusion Partnership and other networks to support and refer clients to other services that will benefit wellbeing of clients.

There are 7 posts supported through the current funding stream:

ICOD Financial Inclusion Caseworker (FTE)

ICOD Financial Inclusion Caseworker (20 hrs)

ICOD Development & Monitoring (FTE)

HSCP Financial Inclusion Worker (Vulnerable Groups) (FTE)

HSCP Senior Appeals/Tribunal Worker (FTE)

Financial Fitness Link worker (FTE)

IAER In Work Benefits & Entitlements Worker (FTE)

Progress to date

Since June 2014 the project has provided 1271 responsive and in-depth interventions and support to a total of 903 unique vulnerable people. Many of these clients have received in depth and on-going support ensuring that their needs are met in a holistic way. The project has helped maximise those clients that engaged with the services, financial wellbeing by a total of £739,000 and have made 187 referrals to partner organisations that have helped to improve the wellbeing of individuals, carers and families.

The project has enabled and supported vulnerable people in Inverclyde to:

- Maximise, maintain and manage their financial wellbeing
- Deal with periods of stress and transition in their lives
- Attend DWP medical assessments and Tribunals
- Engage with support services that benefit the health & wellbeing of individuals
- Become more confident in dealing with their benefits and cope with the changes with the Welfare Reform
- Accessing in work benefits and more knowledge and awareness of their employment rights

Funding sought

Staffing costs from 1/9/15 to end March 2016 (7 months)	£99,500
Contribution from 3rd sector consortium partners to fund ICOD and FF posts	£48,000
Funding requested from Council Welfare Reform Fund to fund IAER and HSCP posts	£51,500

September 2015-March 2016

The project aims to deliver the high quality intervention to 600 very vulnerable individuals through continuing with the responsive and holistic approach currently being implemented.

Future Funding

A range of funding applications is currently being submitted to the Big Lottery; Comic Relief; Garfield Weston Foundation and Henry Smith charities for 3 years funding. However it requires being noted that standard across the majority of charity options above is exclusion of statutory bodies in being eligible for support. It will be therefore be difficult to include the current HSCP posts within the Connections project as that will be recognised as a statutory responsibility.