
Report To:	Policy & Resources Committee	Date:	15 November 2016
Report By:	Chief Financial Officer/Corporate Director (Chief Officer) Inverclyde Health & Social Care Partnership	Report No:	FIN/105/16/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 the Committee with an update on the impact on the Council of the ongoing Welfare Reform changes.

2.0 SUMMARY

- 2.1 The Inverclyde area has been selected for the next phase of Universal Credit Full Service with this to be implemented within Inverclyde on 23 November 2016. A delivery Partnership Agreement (SLA) is being agreed with the DWP. The Council will receive payment for services provided.
- 2.2 The number of Universal Credit claimants is expected to increase rapidly when UC Full Service is launched, with a spike when seasonal employment ends in January 2017. DWP provided projections of the number of claimants expected to be awarded UC, detailed in the table below. For comparison, 900 UC claims have been made since October 2015.

Greenock and Port Glasgow Jobcentres
Projected UCFS: November 2016 until March 2017

Month	Nov 16*	Dec 16	Jan 17	Feb 17	Mar 17
Number of new UC awards each month	303	743	919	823	805

*Part month

- 2.3 The latest position in respect of the Scottish Welfare Fund (SWF) and Discretionary Housing Payments is that both are currently projected to contain costs within available budgets however this is only after extra funding has been allocated directly from the Council's own resources to supplement DWP/Scottish Government Funding. It is anticipated that demand for both sources of funding will continue to grow as Universal Credit is rolled out and in the event that further funding is required then officers will report back to Committee.
- 2.4 The Council has received a response from ATOS in respect of the potential use of Duff Street, Greenock for medicals. For the reasons outlined in the report ATOS are not planning to use this location for medicals.
- 2.5 The Council is leading a bid on behalf of Inverclyde Financial Inclusion Partnership for approximately £2.35 million over 2017/20 funding from the Big Lottery and ESF. If successful the contract start date is February, 2017. Given the short timescales between bid submission and contract start, some extra costs will potentially be incurred to expedite matters. It is proposed that an allowance for up to £15,000 be funded from the Welfare Reform earmarked reserve for this purpose.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee approve the use of up to £15,000 from the Welfare Reform Earmarked reserves to support the submission and potential implementation of the Big Lottery/ESF funding bid.
- 3.2 It is recommended that the Committee otherwise note the contents of the report.

Alan Puckrin
Chief Financial Officer

Brian Moore
Chief Officer (HSCP)

4.0 BACKGROUND

- 4.1 Committee receive a report each cycle providing updates on the Council's response to the major Welfare Reform changes being rolled out across the UK. The Council has set aside in excess of £1.2 million on a recurring basis from 2016/17 to meet the significant financial challenges generated by these changes.
- 4.2 Members have previously received a briefing in respect of Universal Credit and whilst numbers moving to Universal Credit have been relatively low this will significantly change in coming months with the roll out of Full Service to Inverclyde from late November, 2016.

5.0 UNIVERSAL CREDIT

- 5.1 The Council has worked with the DWP and the Financial Inclusion Partnership since the end of July 2016 to prepare for Universal Credit Full Service (UCFS) from 23 November 2016. The removal of eligibility criteria means that all working age welfare benefit claimants who make a new claim will be in scope and instead of claiming Job Seekers Allowance, Employment and Support Allowance, Housing Benefit, Income Support and Tax Credits will instead claim Universal Credit (UC). This means that UC will be claimed by not only those who are single and recently made unemployed, but also couples and families with children.
- 5.2 The number of Universal Credit claimants is expected to increase rapidly when UC Full Service is launched, with a spike when seasonal employment ends in January 2017. DWP provided projections of the number of claimants expected to be awarded UC, detailed in the table below. For comparison, 900 UC claims have been made since October 2015.

Greenock and Port Glasgow Jobcentres

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- 5.3 UCFS is almost entirely online with claimants being required to apply; maintain their claim; record work search activity; receive correspondence from the DWP; stay in touch and reply to messages sent by their work coach, all online.
- 5.4 Demand for local support services is expected therefore to increase and the Council is in the process of agreeing a revised Delivery Partnership agreement with DWP which sets out the respective roles and responsibilities. The Council's responsibilities include the provision of digital access and personal budgeting support. The agreement outlines the additional funding the Council will receive for the projected increase in demand for local services. DWP estimate that 5% of UC claimants require help with digital access and 7.5% need help with budgeting. Officers visited East Lothian Council who went live with UCFS in March 2016 who informed that the DWP's estimates are fairly accurate.
- 5.5 Appendix 1 shows the number of UC claimants with housing costs and the number of Council Tax Reduction (CTR) applicants. It should be noted that the CTR statistics before now may include repeat applicants however the data as at 11th October 2016 is the accurate position of the caseload on that date.
- 5.6 The important statistic to focus on is the low level of CTR applicants (111) against the number of UC claimants with housing costs (279) because it is expected that many more, although perhaps not all, with housing costs who have applied for UC would require help with their Council Tax payments.

- 5.7 This low level of CTR take-up mirrors the position in the other UCFS sites. Dialogue has started locally with the DWP about how they can encourage applications and at a meeting in Inverclyde, Scottish Government officers were asked to consider simplifying the application process. In the meantime, procedures are being reviewed around how the Council can engage and encourage potential applicants to apply; additionally local Housing Associations are encouraging their tenants.
- 5.8 Universal Credit (UC) is structured to make monthly payments including a housing support element to one member of the household. Experience to date is that claimants are struggling to manage particularly when they first claim. This places additional pressure on the Scottish Welfare Fund and new burdens on housing providers to collect rent. Average Crisis Grants for those on UC who until now are single people without dependants average £111 compared with £77 for all other applicants. UC Full Service brings couples and families for the first time onto UC meaning not only more applications are anticipated but the average grant level will increase even further.
- 5.9 Housing providers have the option of applying for housing cost payments to be made directly to them when tenants accumulate arrears, with 30% of Scottish tenants having their rent paid direct. Although budgeting support is available, the experience so far is that UC claimants are reluctant to take up this offer.
- 5.10 The Financial Inclusion Partnership has organised training to ensure services are prepared for the changes. Training will be delivered by the DWP Welfare Reform team and a specialist from HSCP Advice Services who will speak about local support provision. More than 300 delegates from more than 30 services across Inverclyde will attend.

6.0 REDUCED BENEFIT CAP

- 6.1 The reduced Benefits Cap limits the amount of benefit most working age couples and families can get to £20,000 with £13,400 being the upper limit for single people. This is due to be introduced in Inverclyde from early November 2016. The latest information released by the Department for Work and Pensions indicates that 56 households in Inverclyde where neither the householder nor their partner are employed are expected to have their housing benefit award reduced as a result of the cap.
- 6.2 The average weekly housing benefit reduction will be £47, with the highest reduction expected to be £126. Discretionary Housing Payment can assist with 50% of the shortfall and an application form is sent from the benefits service to the customer immediately after the service is instructed by the DWP to make the reduction.
- 6.3 As well as DWP being in touch with those expected to be affected, arrangements have been put in place for HSCP Advice Service, Community Learning and Development and other local support organisations to help those affected understand the impact; to advise on help available to prepare for employment which will remove the household from the cap or if appropriate to determine exemption by the qualification for certain welfare benefits. These arrangements will continue as new claimants are affected over time.

7.0 SCOTTISH WELFARE FUND AND DISCRETIONARY HOUSING PAYMENTS

- 7.1 Appendix 2 shows Scottish Welfare Fund (SWF) payments up to 30 September 2016. The level of grants awarded is about £20,000 ahead of phased budget for the 2016/17 Scottish Government programme funding. This is met by the balance carried forward from 2015/16 and the allocation of £100k from the recurring Welfare Reforms budget. This indicates an underlying budget pressure for future years.
- 7.2 The last update report informed that the Scottish Public Services Ombudsman started its new role as SWF independent reviewer. Since then one request for review, supported by an advocacy service, has been referred to the SPSO. The outcome and any recommendations will be provided in a future report.

7.3 Appendix 2 shows that the total projected expenditure for DHP is £976,000. The mitigation of the SSSC for those currently affected and assuming their awards continue to year end is £901,000 against an upper limit of £974,000 of external funding specifically for this measure. The projected cost of DHP assuming 100% uptake for the reduced Benefits Cap is £27,000 with £48,000 meeting pressures as a result of other welfare reforms.

8.0 PERSONAL INDEPENDENCE PAYMENTS

8.1 A formal request was made to the DWP to increase the use of their Duff Street, Greenock premises for medicals to save clients from travelling to Glasgow for assessments. A response has been received from ATOS advising that the journey time from Inverclyde to Glasgow City Centre falls within the agreed threshold of 90 minutes by public transport or 60 minutes by car to attend assessments therefore they will not utilise a new site. They have also advised that clients are able to ask for a home consultation if mobility or other health conditions mean that travelling the distance required will cause them difficulty as they have a home consultation health professional based in PA14 who carries out such assessments and appointments can easily be scheduled via their team.

8.2 The Advice Services team continues to support clients who are applying or migrating to PIP. A further snapshot of 18 recent cases referred from Revenue and Benefits highlighted the following:

- 15 related to DLA/PIP migration cases or renewal claims;
- 3 related to new claims with all 3 resulting in a nil award;
- Of the 15 migration/renewal cases, 13 (87%) received a reduction in entitlement compared to their previous award. 2 received an increase in overall entitlement;
- Out of the 15, 7 involved consideration of previous awards of Enhanced/High Rate Mobility. On renewal all 7 were unsuccessful in terms of securing a comparable award. If on Motability all 7 stand to lose their Motability vehicle;
- The average loss of entitlement was £67.86 per week, £3582.72 per year;
- The 2 claimants who secured an increase in entitlement both received an additional £11.50 per week, £598 per year.

8.3 Examples of client impact include one client whose DLA award of £139.75 per week was reduced to a PIP award of £21.80 per week. Another clients loss £55.10 of Standard Rate Care became a cumulative loss of £125.72 per week as a result of subsequent reductions in HB and CTR. Advice Services will seek to engage with all 18 clients to ascertain acceptance of DWP decision or if assistance is required to challenge same.

9.0 EXTERNAL FUNDING BID

9.1 Big Lottery Fund Scotland and European Social Fund have developed a partnership to provide £17.3 million which will be awarded to 5 local authorities to fund strategic interventions aimed to support financial inclusion and capability for disadvantaged households. Inverclyde has been selected as one of the five local authorities and the nominal allocation is £2.35million for 2017-2020 with one contract being awarded in each local authority area. Inverclyde Financial Inclusion Partnership has developed a strong consortium bid involving a range of local and national partners, with the Council as lead partner. The Invitation to Tender (ITT) has finally been advertised with a closing date of 7 November 2016 and if successful will have a contract start date of February 2017.

9.2 Given the short timescales between bid submission and contract start, some extra costs will potentially be incurred to expedite matters. It is proposed that an allowance for up to £15,000 be funded from the Welfare Reform earmarked reserve for this purpose.

10.0 OTHER ISSUES

- 10.1 The Deputy Director, DWP Business Finance and Housing Delivery Directorate wrote to councils in September emphasizing local authorities' continuing role in the delivery of Housing Benefit for working age claimants until 2022 and beyond for pension age claimants. Responsibility for a small number of Supported Exempt Accommodation claims will remain with the Council with the maintenance of the "stock" working age Housing Benefit claims until claimants migrate to Universal Credit, expected to take place between July 2019 and March 2022.
- 10.2 The Committee will be aware that there are significant changes occurring to the Council Tax system with effect from 1 April 2017. Whilst a more detailed report on this area is elsewhere on the agenda, there is also a knock on impact to the Council Tax Reduction Scheme.
- 10.3 Discussions are ongoing between Cosla and the Scottish Government as part of the Spending Review regarding the financial impact of the increase in Council Tax reduction payments to ensure that Councils are fully funded for these policy changes.

11.0 IMPLICATIONS

11.1 Finance

As detailed in the report.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
Earmarked Reserves	Welfare Reform	2016/17	15		Potential costs incurred in supporting submission and implementation of BLF/ESF bid.

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (if Applicable)	Other Comments

11.2 Legal

There are no legal implications arising from this report.

11.3 Human Resources

There are no HR implications arising from this report.

11.4 Equalities

Has an Equality Impact Assessment been carried out?

Yes See attached appendix

No This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

11.5 **Repopulation**

There are no repopulation implications arising from this report.

12.0 **LIST OF BACKGROUND PAPERS**

12.1 None

Universal Credit - Inverclyde - cumulative stats

Appendix 1

UC meeting	Inverclyde UC Caseload			Evidence of Earnings after 3 months	No. of UC claimants with Housing Costs (approx.)	Council Tax Reduction - number of applicants on UC	No. of SWF Grants
	Greenock JCP	Port Glasgow JCP	Total				
1.12.15	61	35	96	not applicable	19	10	12
12.1.16	127	57	184	not applicable	47	32	33
23.2.16	229	115	344	32%	58	53	52
30.3.16	342	156	498	39%	100	84	62
24.5.16	418	192	610	34%	206	107	67
27.7.16	563	255	818	35%	244	117	72
31.8.16	593	268	861	35%	264	136	81
11.10.16	608	277	885	27%	279	111*	94

Notes

1. Caseload is the number of individuals in receipt of Universal Credit either individually or as part of a couple
2. "Evidence of Earnings after 3 months" is the percentage of customers with earnings included in the assessment of their UC award 3 months after the date they first claimed UC
3. "Council Tax Reduction (CTR) - number of applicants on UC" at 11th October 2016 is the number of active CTR claims on that date. Prior to this the count represented the total number of CTR applications received, this could include repeat claims

Scottish Welfare Fund
30th September 2016

Calls Answered	4875		
Applications	2308		
Applications Granted	1601	69.37 %	
Applications Refused	351	15.21%	Note 3
Applications Withdrawn	304	13.17%	
In Progress	52	2.25%	
Referrals to DWP	116		Note 2
	<u>Spend</u>	<u>Budget</u>	<u>Spend</u>
	<u>£000</u>	<u>£000</u>	<u>%</u>
Crisis Grant paid (1064)	82.1	195.8	41.93%
Community Care Grants paid (552) (includes 15 applications paying both CCG & CG)	282.8	655.5	43.14%
	<u>364.9</u>	<u>851.3</u>	42.86%

Note 1 1st Tier Reviews = 27 (1.20%)
1st Tier Reviews Upheld in Customer Favour = 12 (44.44%)
2nd Tier Reviews = 1 out of 25 1st tier review decisions (4%)
2nd Tier Reviews Upheld in Customers Favour = awaiting SPSO response (0%)

Note 2 Referrals to DWP relates to customers who are awaiting payment of a new claim for Universal Credit JSA / ESA from DWP. In these circumstances an application for an advance payment of benefit, repayable to the DWP can be made.

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 Core Budget is £681,000 to which is added a residual underspend from 2014/15 of £70,000 plus £100,000 from the Welfare Reforms Budget

Discretionary Housing Payments

30th September 2016

Renewals

Renewals - approved	1327	(93.58%)	
Renewals - refused	12	(0.85%)	Applicants no longer meet priority group criteria
Renewals – not eligible	79	(5.57%)	No entitlement to DHP because Housing Benefit has stopped

New Applications

New Applications Received to date	338		
Applications Approved	195	(57.69%)	
Applications Refused	88	(26.04%)	
Applications - No Action	13	(3.85%)	DHP paid as 'Renewal'
Awaiting Supporting Evidence	0	(0%)	
New Applications still to be assessed	42	(12.43%)	

£000

DHP paid to date	489		
DHP Commitments Includes Non-SSSC (£45k)	457		Non-SSSC budget: £119k
New applications to be assessed	30		Estimate based on current average award £13.64
Total Projected Spend (current applications)	<u>976</u>		Anticipate more demand following implementation of UC Full Service and Reduced Benefits Cap
Reviews requested	7	(0.43%)	

SSSC

Households affected by SSSC at 1.10.16	1317		
Households receiving DHP at 1.9.16	1280	(97.19%)	
SSSC spend (based on applications in payment at 30.9.16)	£901k		Scottish Government SSSC Projection: £974k