
Report To:	Policy & Resources Committee	Date:	21 March 2017
Report By:	Chief Financial Officer/Corporate Director (Chief Officer) Inverclyde Health & Social Care Partnership	Report No:	FIN/25/17/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 Universal Credit Full Service was implemented within Inverclyde on 23 November 2016. A Delivery Partnership Agreement has been agreed with the DWP and the Council will receive payment for services provided. There were approximately 1650 UC Full Service claimants at the end of February in addition to 434 UC Live Service claimants who will transfer to Full Service by the summer.
- 2.2 Officers in Finance and HSCP are working hard with Partners and the local DWP officers to manage the various issues which are arising from the requirements of Universal Credit plus areas where processes are not working as they should. Officers are keeping in regular contact with Cosla and other UC Full Service Councils and sharing experiences and lobbying DWP for changes.
- 2.3 The latest position in respect of the Scottish Welfare Fund (SWF) is that the Council is currently projected to contain costs within the annual Government Grant including resources carried forward from last year. As expected, demand for Crisis Grants is growing as Universal Credit it rolled out.
- 2.4 Discretionary Housing Payments are now projected to be contained within budget in 2016/17 largely due to a reduction in the payments relating to Temporary Accommodation. This is causing a significant budget pressure in the Homelessness Budget and officers are working on quantifying this and will report to the appropriate Committee early summer. All DHP funding has now been devolved to the Scottish Government from 2017/18 and Inverclyde's share of this is confirmed as being £1.1 million in 2017/18.
- 2.5 The Council submitted a bid on behalf of Inverclyde Financial Inclusion Partnership for approximately £2.35 million over 2017/20 funding from the Big Lottery and ESF. The Council bid was successful and officers are progressing the various contractual documents before a formal grant offer will be issued by the Big Lottery.
- 2.6 At the Council Budget Meeting on 16 February it was agreed to set up an Anti-Poverty Fund using the existing Welfare Reforms Policy Earmarked reserve plus an extra £200,000 allocated from Reserves. Proposals for the use of the £1.0million are contained in Section 12 of the report.

3.0 RECOMMENDATIONS

- 3.1 That the Committee note the on-going impacts and actions being taken by officers in respect of the implementation of Universal Credit within Inverclyde.
- 3.2 That the Committee note the financial impact on the Homelessness Service caused by the move to Universal Credit and the associated reduction in income.
- 3.3 That the Committee approve the proposed allocation of the Anti-Poverty Fund and note that specific updates will be provided to Committee on progress.
- 3.4 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 The Committee receives 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 set aside extra funding to meet the significant financial challenges generated by these changes.
- 4.2 Universal Credit Full Service (UCFS) launched in Inverclyde on 23 November 2016. The removal of eligibility criteria means that all working age welfare benefit claimants who make a new claim or have a relevant change in their circumstances will claim Universal Credit (UC) for themselves and their family instead of claiming Job Seekers Allowance, Employment and Support Allowance, Housing Benefit, Income Support and Tax Credits. As noted in previous reports 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.

5.0 UNIVERSAL CREDIT

- 5.1 As of 22 February 2017, 1648 Universal Credit (UC) Full Service claims had been made in Inverclyde with new claims being made at the rate of 140 each week. A further 434 claimants continue under the original UC scheme and will be required to move onto the digital UC Full Service from March 2017 and will be required to make a new online claim.
- 5.2 Advice Services including partner organisations continue to report claimants experiencing financial strain waiting until the first payment of Universal Credit is released by the DWP, a minimum of 42 days from the date they claim. Demand on the Scottish Welfare Fund Crisis Grants has increased and Housing Associations report a noticeable increase in rent arrears during this period. As of the beginning of February 467 Housing Association tenants were in receipt of Universal Credit with the majority carrying rent arrears. Efforts will be made to include more detailed information within future reports.
- 5.3 River Clyde Homes (Supporting Inverclyde Future Skills), the Council's external delivery partner for Universal Credit digital access, has successfully supported customers make online claims and with budgeting help. Uptake of this service is however lower than projected; 30 claims were supported during January 2017 and since the launch of UC Full Service only 7 customers have taken up one to one budgeting support. DWP report that local Jobcentre Plus pcs have been well used and in fact additional resources are in place to support claimants who are encouraged to engage with their services.
- 5.4 Local Jobcentre Plus offices have introduced an induction session which new UC claimants are encouraged to attend to learn about the requirement to access and update their UC online account which for some could be a daily requirement. A key skills gap identified in a significant proportion of those seeking help from advice partners is the IT skills needed to do this. Inverclyde based DWP officers plan to meet local providers to understand the scope of the needs in the community to enable this to be addressed.
- 5.5 Advice services are experiencing increased demand on their services in the form of a new client base seeking help to more lengthy appointments due to the complexity of UC.
- 5.6 DWP systems are not fully developed meaning processes are not as streamlined nor as automated as they could be. Enhancements and regular fixes are put in place. Technical and process issues have been identified by the Council's Benefits service affecting the closure of Housing Benefit claims, the assessment of Council Tax Reduction, Discretionary Housing Payment and the Scottish Welfare Fund. These are communicated to the local DWP Welfare Reform Team which escalates all unresolved issues to the DWP's UC Project Team. The same arrangement is in place and used by the housing associations and advice services.

Unfortunately, an immediate resolution cannot be expected due to the test and learn nature of the implementation of UC and the extent of the issues being raised, meaning more pressure on advice services as claimants encounter difficulties and laborious processes for the Council's Benefits service. Despite this, the established partnership with the DWP locally ensures that those customers who need help and engage with services are supported quickly. There are already a number of instances where local solutions have been deployed to ensure UC claims are made to allow where appropriate employability measures to be put in place.

- 5.7 The previous report informed that private rented sector landlords have refused to take UC claimants, limiting housing options for these individuals and families. In response to this, the local DWP Welfare Reform team has arranged an event for Private Rented Sector landlords on 15 March 2017 at Greenock Jobcentre Plus office at which they will hear about the roll out of Universal Credit and how it will eventually affect all working age benefit and tax credit claimants.
- 5.8 Appendix 1 shows the number of UC claims the Council has been made aware of with housing costs at the time of UC claim. As previously reported, this data is unreliable because it could include duplicates and others that should not be included, it does however provide an indication. Alternative data sources are being considered for future reports.

6.0 REDUCED BENEFIT CAP

- 6.1 33 households are affected by the reduced Benefit Cap seeing a reduction in their Housing Benefit payments. No Universal Credit claimants are affected as yet by the cap. Assurance has been given that when a UC claimant's benefit reaches the level of the cap their work coach will be alerted and will be prompted to discuss the impact and provide relevant support including signposting to Discretionary Housing Payments.

7.0 DISCRETIONARY HOUSING PAYMENTS AND SCOTTISH WELFARE FUND

- 7.1 Appendix 2 shows that at 31 January 2017, 99% of those affected by the SSSC had applied for and were in receipt of DHP to mitigate its effects. The total projected expenditure for DHP for those affected by the SSSC is £957,000 against an upper limit of £974,000. There may be slight movement in this position by the end of the financial year as claimants' circumstances change.
- 7.2 DHP spend for reasons other than the size criteria is less than previously reported and is now projected to be within budget of £119,000. This is due to an overestimate in the demand from Homelessness service users, explained in more detail at Section 9.
- 7.3 Scottish Welfare Fund (SWF) payments up to 31 January 2017 are within the Scottish Government programme funding and are projected to remain within budget to the end of the year.
- 7.4 The impact of Universal Credit Full Service has started to become apparent with increasing demand for relatively small Crisis Grants. The full impact as more claimants move onto the benefit and are required to manage monthly payments will be closely monitored. The latest position shown in Appendix 3.

8.0 COUNCIL TAX REDUCTION

- 8.1 306 Council Tax Reduction awards from UC claimants were in payment with a further 20 registered and waiting for UC decision by the end of February. 17 applications for the Low Income Household Exemption scheme in respect of the change to the council tax multipliers for those in properties in bands E-H had been received by the middle of February with more anticipated after the 2017/18 Council Tax bills arrive with residents.

9.0 TEMPORARY ACCOMMODATION

- 9.1 There is an impact on the Homelessness Budget arising from the implementation of Universal Credit Full Service due to the significant reduction in the amount of support provided for Housing costs within UC compared to Housing Benefit. Within the Inverclyde Centre the difference is £150-170/week per claimant. As at the end of February over 75% of the Inverclyde Centre properties were occupied by UC claimants.
- 9.2 The shortfall in Housing income can be made up from the Discretionary Housing Payments but only if the claimant is actually in receipt of UC. As there is a 7 week delay between claiming and receipt of UC then it can be seen that there is a significant period in which either the claimant moves out of the Inverclyde Centre or moves off UC or does not maintain their UC record. The loss of income to the Council is expected to be significant.
- 9.3 Officers have been raising this issue at a national level and at the end of February meeting, Cosla Leaders considered whether to set aside up to £2.2million in 2017/18 to compensate those Councils adversely impacted due to their being early UCFS sites. The decision was continued until late March.

10.0 FURTHER WELFARE REFORM CHANGES FROM 2017/18

10.1 UC earnings taper

Families and those with a limited capability for work will be better off in work when the taper rate drops from 65% to 63%. This means for every £1 earned over the work allowance Universal Credit will be reduced by 63 pence instead of 65 pence as it currently stands.

10.2 Limited Capability for Work

UC claimants who are assessed and are found to have a limited capability for work and are placed in the Work Related Activity Group will not receive the additional benefit component of £29.05 currently in place. This aligns the level of UC paid to those without limited capabilities.

10.3 Benefit Limit to 2 Children

New UC claimants, where the household has more than two children at the point of a new claim, will need to apply for Housing Benefit, Child Tax Credit and any other legacy benefits that they may be entitled to. Those already in receipt of UC with more than 2 children will not be affected and will continue to receive UC at the same rate. These are short term measures with the policy to limit benefit support to 2 children (with exceptions) from November 2018. This is a complicated change so local DWP officers plan to provide a briefing session for advice practitioners and other relevant partner organisations.

10.4 Housing Benefit 18-21 Year Olds

In Universal Credit Full Service areas, 18-21 year olds from April 2017 making a new claim and those with a break in entitlement to Universal Credit will not have automatic entitlement to help with housing costs. There are a number of exemptions to protect vulnerable claimants meaning the policy essentially applies only to people who are 'job seekers' and not carrying out any work related activity. The Government recognises that, whilst the majority of young people can live at home, there will be some who are unable to do so. This policy will not apply where the claimant is an orphan or their parents live abroad or where it would be inappropriate for the claimant to live in the parental home. It is also recognised that it would be unreasonable to remove entitlement where the claimant is vulnerable.

- 10.5 These exemptions mean that the policy will not apply where the claimant is a carer or a care leaver; is in temporary accommodation under the Council's homelessness duties; has a physical or mental impairment; receives certain components of DLA or PIP; is undertaking treatment for an

addiction; has been subject to, or threatened with domestic violence; or is subject to MAPPA arrangements.

11.0 EXTERNAL FUNDED PROJECTS

- 11.1 ESF/Lottery: work is progressing with Legal Services to sign the contract with the Big Lottery for the £2.35m fund to tackle debt and financial exclusion. The Council is the lead partner and will work with a number of subcontractors: River Clyde Homes; Financial Fitness; The Wise Group; Scotcash; Barnardos and CVS Inverclyde to deliver holistic and innovative approaches to meet the financial inclusion needs of those who are workless, lone parent or low income households. The programme aims to work with around 2000 individuals over the next 3 years and the interventions have been designed to complement and add value to the existing core services currently operating in the area.
- 11.2 Scottish Legal Aid Board have advised that they will be extending their funding for a further year (until March 2018) to the Making Advice Work programme which focuses on individuals adversely affected by benefits and debt. This funding of £122,000 provides for the Inverclyde Advice First triage advice staff, and also staff within Financial Fitness and Legal Services Agency locally.

12.0 ANTI-POVERTY FUND

- 12.1 As part of the recently approved 2017/18 Budget it was agreed to allocate a further £200,000 to the estimated balance of £800,000 in the Welfare Reform Policy Earmarked Reserve to create a £1.0million Anti-Poverty Fund. Officers were tasked with developing proposals for this meeting of the Committee.
- 12.2 Whilst there has been limited time to develop detailed proposals officers have outlined various proposals based on their knowledge of pressures and how best to create sustainable outcomes for the area. The Committee is asked to consider and approve these proposals in order that officers can thereafter progress the detail. Appendix 4 provides more information.
- 12.3 The proposals at a summary level are:

a) Low Cost Banking/Loans	- £150k
b) Extend time limited initiatives to 2018/19	- £235k
c) Intensive Support Advice Workers	- £165k
d) DHP for Homelessness/Temporary Accommodation	- £200k
e) Anti-Poverty Research/Policy Development	- £150k
f) Community Initiatives Bid Fund	- £100k
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	£1 million

13.0 IMPLICATIONS

13.1 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
Welfare Reforms	Anti-Poverty Fund	2017/20	1000		As per Appendix 4

Annually Recurring Costs/ (Savings)

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

13.2 **Legal**

There are no legal implications arising from this report.

13.3 **Human Resources**

There are no HR implications arising from this report.

13.4 **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.

13.5 **Repopulation**

There are no repopulation implications arising from this report.

14.0 **LIST OF BACKGROUND PAPERS**

14.1 None

Universal Credit - Inverclyde - cumulative stats

UC meeting	Inverclyde UC Caseload			No. of UC claimants with Housing Costs (approx.).	Council Tax Reduction - number of applicants on UC	No. of SWF Crisis Grants
	Greenock JCP	Port Glasgow JCP	Total			
1.12.15	61	35	96	19	10	12
12.1.16	127	57	184	47	32	33
23.2.16	229	115	344	58	53	52
30.3.16	342	156	498	100	84	62
24.5.16	418	192	610	206	107	67
27.7.16	563	255	818	244	117	72
31.8.16	593	268	861	264	136	81
11.10.16	608	277	885	279	111	94
27.10.16	576	259	835	305	102	102
5.1.17	644	318	962	383	170	179
22.2.17	1282	800	2082	474	326	273

Notes

1. Caseload is the number of individuals in receipt of Universal Credit either individually or as part of a couple
2. From 22.2.17 the number of UC claimants with Housing Costs is the number of RSL tenants known to be claiming UC

Discretionary Housing Payments
Position 31.01.17

1/	<u>SSSC (Bedroom Tax)</u>		
	Applications Approved	1590	96.42%
	Applications Not Eligible/Refused	25	1.52%
	Applications Being Assessed	34	2.06%
		<u>1649</u>	
		<u>£000</u>	
	Paid to Date	927	
	Estimated Payments to 31.3.17	<u>30</u>	
	2016/17 Budget	974	Note 2
	(Under)/Overspend	<u>(17)</u>	
2/	<u>Other DHP Cases</u>	<u>£000</u>	
	2016/17 Budget	119	
less	: Paid to Date	69	
	: Estimated Payments to 31/3/17	<u>45</u>	Note 1
	(Under)/Overspend	<u>(5)</u>	

Notes

- 1/ Includes £8k Benefit Cap and £35k Temporary Accommodation.
2/ Represents 99% of those households affected by SSSC.

Finance Services
21/2/17

Scottish Welfare Fund
31st January 2017

Calls Answered	7852		
Applications	3763		
Applications Granted	2669	70.93%	
Applications Refused	566	15.04%	Note 3
Applications Withdrawn	469	12.46%	
In Progress	59	1.57%	
Referrals to DWP	219		Note 2
	<u>Spend</u>	<u>Budget</u>	<u>Spend</u>
	<u>£000</u>	<u>£000</u>	<u>%</u>
Crisis Grant paid (1857)	145.4	195.8	74.26%
Community Care Grants paid (835) (includes 24 applications paying both CCG & CG)	412.0	655.5	62.85%
	<u>557.4</u>	<u>851.3</u>	65.48%

Note 1 1st Tier Reviews = 43 (1.16%)
1st Tier Reviews Upheld in Customer Favour = 18 (41.86%)
2nd Tier Reviews = 4 out of 41 1st tier review decisions (9.76%)
2nd Tier Reviews Upheld in Customers Favour = 0 (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

Anti-Poverty Fund Proposals

<u>Proposal</u>	<u>Sum £000</u>	<u>Further Detail</u>
Set up low cost banking/loan facility within Inverclyde	150	Linked to successful BLF/ESF funding award and will replicate a model successfully operated in Glasgow
Continue support to projects currently funded by reserves for a further year (2018/19)	235	Organisations supported are Financial Fitness, ICOD, IAER, iHeat, IHAF, Starter Packs
Intensive Support Advice Workers to April 2020	165	Allows the funding of 2 posts to support clients accessing the Homelessness, Mental Health & Addiction Services
Allocate extra Discretionary Housing Payment support for Homelessness and Temporary Accommodation	200	Existing core DHP budget is insufficient due to extra costs associated with UC. Funding will ensure those impacted are supported pending a national solution
Anti-Poverty Development and Research Co-ordination resource	150	Combination of extra internal and external resource to ensure policies and investment is co-ordinated across partners and that investment is appropriately targeted
Community Initiatives Bids	100	To create a minor grants fund (administered externally) to provide support to local initiatives to alleviate poverty within local communities

AP/CM
27/2/2017