
Report To:	Policy & Resources Committee	Date:	6 February, 2018
Report By:	Chief Financial Officer and Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership	Report No:	FIN/05/18/AP
Contact Officer:	Alan Puckrin	Contact No:	01475 712223
Subject:	Welfare Reform Budget		

1.0 PURPOSE

- 1.1 The purpose of the report is to provide the Committee with information on the Welfare Reforms recurring budget and earmarked reserves and the implications of the £266,000 saving proposed as part of the 2018/20 Revenue Budget.

2.0 SUMMARY

- 2.1 The Council agreed to allocate a recurring budget of £1.3million to help mitigate the various impacts of Welfare Reform on Council Budgets and the wider community. It was also agreed that any unspent sum from the recurring budget would be allocated to an Earmarked Reserve, referred to as the Anti-Poverty Fund.
- 2.2 As part of the 2018/20 Budget within the CMT savings proposals a saving of £266,000 was proposed which if agreed would largely eliminate any unallocated recurring funding. Appendix 1 details the current planned use of the recurring budget for 2018/19.
- 2.3 Two earmarked reserves were created relating to Welfare Reforms; an Operational Fund to meet employee and systems costs associated with managing the change to Universal Credit and the Anti-Poverty Fund, the use of which is agreed by the Policy & Resources Committee. Details of the current position of both earmarked reserves are shown in Appendix 2.
- 2.4 There are 3 related savings in the savings proposals which are the subject of Public Consultation. These relate to reductions in Benefits Administration, Money Advice and Customer Services employees (16.5FTE in total). Two of these savings are proposed to be phased in with the cost of delaying implementation proposed to be met by either the Operational Fund (£110,000) or Anti-Poverty Fund (£330,000).
- 2.5 Reducing the unallocated recurring budget by £266,000 will not have an impact on current service delivery but it will significantly reduce the capacity for new recurring initiatives and also reduce the flow of new resources to the Anti-Poverty Fund. The latter issue could be addressed by allocating extra one-off funds as part of the current Budget Process. The recent announcements around changes to Universal Credit are also hoped to reduce pressure on Council Services.
- 2.6 There is a separate proposal on the agenda regarding extending some of the existing time limited projects funded by the Anti-Poverty Fund and Appendix 3 shows the projected position of the earmarked reserves by 31 March 2020 were all the savings agreed and the officer recommendations on time limited reserves approved.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that in light of the challenging financial position faced by the Council the Committee approve this saving proposal in principle prior to submission to the Council as part of the budget setting process.

Alan Puckrin
Chief Financial Officer

Louise Long
Corporate Director (Chief Officer)
Inverclyde (HSCP)

4.0 BACKGROUND

- 4.1 In 2013 the Council agreed to allocate recurring revenue resources to help offset the anticipated impacts and meet increased demand on Council services arising from the announced Welfare Reform changes. The annual sum ultimately allocated was £1.3million.
- 4.2 Subsequent to this it was agreed that any unspent sums from this budget would be allocated to a Welfare Reform earmarked reserve the use of which would be determined by the Policy & Resources Committee. This is referred to as the Anti-Poverty Fund.
- 4.3 In addition a smaller Welfare Reforms Operational earmarked reserve was created and subsequently supplemented by one off DWP funding associated with the implementation costs of any changes. Officers have used this to fund system changes and employ temporary resources to meet increased activity within the Benefits and Customer Services teams.
- 4.4 As part of the CMT Budget savings development, a proposal was made to reduce the unallocated Welfare Reform revenue budget by £266,000 from 2018/19 and it was agreed that a report on the impact of this plus an update in respect of the 2 earmarked reserves should be considered by this Committee.

5.0 CURRENT POSITION

- 5.1 Appendix 1 shows how the current recurring revenue Welfare Reform Budget is allocated and shows that by 2018/19 there will be £332,000 unallocated which will reduce to £66,000 if the saving is agreed.
- 5.2 Appendix 2a and 2b show the current position of the two earmarked reserves and the projected position on the basis that the £266,000 saving is agreed. From this it can be seen that the remaining balance on the Anti – Poverty Fund is £780,000 by 31 March 2020 whilst the Operational Fund balance is projected to be £121,000.
- 5.3 There are 3 related savings in the CMT proposals which are the subject of Public Consultation. These relate to reductions in Benefits Administration, Money Advice and Customer Service employees (16.5FTE in total). Two of these savings are proposed to be phased in with the cost of delaying implementation proposed to be met by either the Operational Fund (£110,000) or Anti-Poverty Fund (£330,000). If these savings are approved then the projected position of the earmarked reserves is as shown in Appendix 3.
- 5.4 The cyclical Welfare Reforms update report elsewhere on the agenda requests consideration of continued support for two of the current initiatives and Appendix 3 reflects the position on the basis that these will be approved by the Committee.
- 5.5 Reducing the unallocated recurring budget by £266,000 will not have an impact on current service delivery but it will significantly reduce the capacity for new recurring initiatives and also reduce the flow of new resources to the Anti-Poverty Fund. The latter issue could be addressed by allocating one-off extra funds as part of the 2018/20 Budget.
- 5.6 The Council is recognised as having allocated significant resources at a time of financial pressure on its own budgets to assist offset the impacts of changes brought about by Welfare Reforms. There has always been the recognition that the Council cannot fully offset the impacts and whilst there has been increased funding from the Scottish Government in the form of the Scottish Welfare Fund and Discretionary Housing Payments, even these sums have had to be supplemented by extra funding from the Council.
- 5.7 Universal Credit (UC) is now in a period of relative stability as the numbers transferring to UC have slowed down. Whilst pressures will undoubtedly continue it is recommended by the Members' Budget Working Group that in the context of the overall financial position and the significant impact of other proposed savings this saving be taken as part of the 2018/20 Budget. It should also be noted that the various changes to UC announced by the Chancellor on 22

November are expected to partially reduce the impacts of UC in Inverclyde.

6.0 IMPLICATIONS

6.1 Finance

The appendices reflect the financial position on the basis that all 4 savings related to Welfare Reform/Benefits/Money Advice are ultimately taken as part of the 2018/20 Budget.

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
Welfare Reforms	Other Expenditure	2018/19	(266)		

6.2 Legal

There are no legal issues arising from this report.

6.3 Human Resources

There are no HR issues arising from this report.

6.4 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.

6.5 Repopulation

There are no repopulation implications arising from this report.

7.0 CONSULTATIONS

7.1 The report has been prepared in consultation with the HSCP and the proposals have been reviewed and supported by the Members' Budget Working Group.

8.0 LIST OF BACKGROUND PAPERS

8.1 None

Welfare Reform Budget
2018/19 Position

	<u>£000</u>	
Original Allocation	1300	
Reduction agreed November 2015	(85)	
Scottish Welfare Fund - Administration Grant Shortfall	(49)	
- Supplementary Funding	(100)	
Benefits Administration Grant Cut	(285)	Includes Fraud Reduction
Reduction in Benefits Subsidy on Overpayments	(83)	
DHP - Benefit Cap Reduction	(40)	
Extra Financial Advice Resources	(262)	
Extra Clothing Grants Funding	(45)	
Inverclyde Foodbank	(12)	
Starter Packs	(7)	
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Unallocated - Pre Savings	332	
Proposed Saving	(266)	
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Unallocated Sum	<u>66</u>	

AP/CM
12/12/2017

Anti-Poverty Fund - 2017/20

	2017/18 £000	2018/19 £000	2019/20 £000
Brought Forward Balance	1382	872	784
<u>Projects</u>			
I Heat - £75 for 75	(40)	(40)	
- Families*	(20)		
Secondary Schools Credit Union*	(19)		
Financial Fitness	(30)	(30)	
ICOD/CVS*	(60)		
IAER*	(15)		
IHAF*	(78)		
Starter Packs	(20)	(20)	
Scotcash Loans Fund	(150)		
Intensive Support Advice Workers	(62)	(64)	(70)
Anit-Poverty Research & Development**	(150)		
Community Initiatives Bid Fund	(100)		
DHP - Homelessness/Temp Accommodation	(200)		
Projected WR Budget Underspend	434	66	66
	<u>872</u>	<u>784</u>	<u>780</u>

* Decision to extend project to go to February 2018 Policy & Resources Committee

** Costs will be spread over 2017/20 - Phasings awaited

AP/CM
12/12/2017

Welfare Reform Operations Fund - 2017/20

	2017/18 £000	2018/19 £000	2019/20 £000
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Brought Forward Balance	199	121	121
New one-off funding from DWP	24	?	?
Temporary Employees (CSC & Benefits)	(42)	-	-
Scottish Welfare Fund - 2014/15 Underspend	(60)	-	-
	<hr/>	<hr/>	<hr/>
	121	121	121
	<hr/>	<hr/>	<hr/>

AP/CM
14/11/2017

Projected Earmarked Reserves Position
Post 2018/20 Savings

	2018/19 £000	2019/20 £000	2020/21 £000
Anti-Poverty Fund			
Balance 31.3.19 per Appendix 2a	784	579	360
2019/20 movement per Appendix 2a	-	(4)	-
less: Allocation to Money Advice Saving	(160)	(110)	(60)
: <u>Continued Projects (Note1)</u>			
I Heat £75 for 75	-	(40)	-
Starter Packs	-	(20)	-
IHAF	(45)	(45)	-
Year End Unallocated Balance	579	360	300

Note 1 - Subject to approval of February 2018 Policy & Resources Committee

Welfare Reform Operational Fund

Balance 31.3.18 per Appendix 2b	121	55	-
less: Allocation to CSC Saving	(55)	(55)	-
Written Back at 21.12.17 Council	(11)		
Year End Unallocated Balance	55	0	0

AP/CM
21/12/2017