
Report To:	Policy & Resources Committee	Date:	27 March 2018
Report By:	Chief Financial Officer/ Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership	Report No:	FIN/36/18/AP
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Subject:	Welfare Reform Update		

1.0 PURPOSE

- 1.1 The purpose of this report is to update the Committee on the latest position in respect of the Council's response to on-going Welfare Reform changes.

2.0 SUMMARY

- 2.1 Universal Credit claim uptake continues at a slower pace and by the middle of January 2018, there were 4341 UC claimants in Inverclyde. More than a third of UC claimants had earnings included in the latest assessment of their claim, the highest level to date.
- 2.2 At the last meeting of this Committee officers were asked to provide information on Rent Arrears and potential evictions linked to Universal Credit. Information is being gathered from the local RSL's and it is hoped that this information can be reported to the next meeting of the Committee.
- 2.3 Pressures continue on both the DHP and SWF budgets with both projected to overspend against resources allocated by the Government. These can be contained in overall resources due to the allocation of budgets from the Council's own resources.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the latest developments in respect of Welfare Reform and the Council's response.

Alan Puckrin
Chief Financial Officer

Louise Long
Chief Officer (HSCP)

4.0 BACKGROUND

- 4.1 The Committee receives regular reports on the roll out and impact of the various Welfare Reform changes implemented since 2013. A sum of £1.3 million was allocated to help mitigate some of the impacts and a separate report appears on the agenda highlighting current allocation of this sum.
- 4.2 At officer level the Council operates a Welfare Reform Board chaired by the Chief Financial Officer. In addition to officers from Finance and HSCP, officers attend from the local JCP and RCH. This is proving a very effective forum for sharing information and identifying local issues.

5.0 UC PROGRAMME UPDATE

- 5.1 Universal Credit claim uptake continues at a slower pace and, by the middle of January 2018, there were 4341 UC claimants in Inverclyde. More than a third of UC claimants had earnings included in the latest assessment of their claim, the highest level to date. Appendix 1 provides more details.
- 5.2 Advice Services are being presented with an increasing range of complex and time consuming new issues and appeals. 202 Crisis Grants were awarded to UC claimants in January 2018 the highest monthly figure recorded thus far.
- 5.3 Since the last report, changes announced in the Westminster autumn budget to Universal Credit have started to take effect. New UC claimants' entitlement begins on the first day of their claim now that the "7 waiting days" rule has been removed. New claimants can apply for an advance payment equivalent to 100% of their projected entitlement including housing costs, with repayment over 12 months, replacing 50% repayable over 6 months.
- 5.4 All Scottish UC claimants have the choice to have the help they receive for housing costs paid directly to their landlord and have the choice to have their UC payment split and paid twice each month. The Scottish Government is in discussion with DWP about the provision of management information to monitor uptake. There is no local evidence of uptake of more frequent payments however Housing Associations are receiving more payments from the DWP indicating the popularity of direct payment of housing costs. The UC payment structure and processes delay payments reaching rent accounts meaning tenants taking up the offer accumulate rent arrears.
- 5.5 Legislation taking effect from April 2018 will ease the move to Universal Credit for those currently in receipt of Housing Benefit (HB) who will receive an additional 2 weeks HB in addition to Universal Credit housing costs. Rules are however being tightened up reducing the timescale claimants can report changes that could potentially increase their UC entitlement from one month to 14 days. Furthermore, those whose earnings fluctuate can expect to be adversely affected by another change to the UC rules. These points will be covered in a future report when details of the implementation of the legislation are released by the Department for Work and Pensions. In the meantime, Housing Associations are ready to support their tenants report their rent increases online within the set timescales.
- 5.6 Help with housing costs for those in Temporary Accommodation will return to be assessed and paid through the Housing Benefit scheme instead of Universal Credit. This will remove the additional cost to the Council in circumstances where UC claimants are currently not eligible for help with housing costs and will relieve the pressure on the Discretionary Housing Payment budget. The additional cost of DHP in 2017/18 is projected to be in excess of £200,000 compared with £9,000 in 2016/17. There will however be a pressure on Housing Benefit subsidy but to a lesser extent than the additional expenditure on DHP.
- 5.7 Support for mortgage interest payments will stop being paid as a benefit. DWP are in the process of contacting claimants to inform them of this and to outline options. A new interest-bearing secured loan deductible from the proceeds of the sale of the property, if not repaid sooner will be

available. Advice Services anticipate a number of home owners will contact seeking their support. Financial advice about the suitability of the product will not be offered however advisors will help determine the affordability of the loan compared with continuing with repayment of the mortgage, potentially involving service users discussing options with their lenders. Income maximisation services will be provided, specifically, a full benefit check as well as advice about any other unsecured debts they may have.

- 5.8 Members have expressed a keen interest in the impact of Universal Credit and after 15 months officers are obtaining customer insight to understand how claimants are coping and particularly to prepare for future service provision when those with the most complex needs will be required to claim. Results of an online survey planned to be run during spring 2018 will feature in a future report.
- 5.9 Support is being developed for working age people for whom corporate Appointeeship is in place and who will transfer to Universal Credit. Currently there are 15 individuals less than 65 years.
- 5.10 A DWP outreach provision operating by appointment from 7½ John Wood Street has been particularly successful with a caseload of around 30 UC claimants who are better suited to attending there rather than travelling to Greenock. There has been no change to the number of people using the Enterprise Centre in upper Port Glasgow or in Port Glasgow library. There has however been an increase in the number of people seeking support at Inverclyde Community Development Trust in Greenock. DWP officers inform that there have been no adverse consequences such as sanctions being applied due to non-attendance in the Greenock Office.

6.0 DHP AND SWF

- 6.1 Expenditure projected to financial year end on Scottish Welfare Fund payments exceeds core funding from Scottish Government by £90,000 (13%). The level of Crisis Grants paid as at 31 January 2018 was 48% greater than the same period last year with 19% more applications having been approved. This is explained by more grants being awarded to Universal Credit claimants with the average grant being £110 compared with those not on Universal Credit at £80. The amount awarded for Community Care Grants increased by 3% on the same period last year. This overspend can be contained within existing resources as the Council has allocated £100,000 from its own resources to support the shortfall in funding. Appendix 2 provides more details.
- 6.2 At 31 January 2018, DHP mitigates 99.7% of Housing Benefit claimants affected by the SSSC. The DWP does not notify the Council of Universal Credit claimants so efforts are made by other means to identify and support those eligible to apply. Projected expenditure is £967,800.
- 6.3 Payment to other claimants who need assistance with housing costs, affected by the Benefits Cap, those coping with financial hardship for other reasons together with Homelessness service users on Universal Credit, explained above, is projected to result in the non-SSSC budget of £164,500 being exceeded by up to £124,211 as per Appendix 3.

7.0 OTHER MATTERS

- 7.1 Regulations have been issued in respect of the Council Tax liability exemption for Care Leavers and this change is due to come into effect from 1 April 2018. Officers are currently collating information to contact those known who could benefit from this change and also publicise this change wider. Due to the fact the Scottish Government provided no funding for this change, the Council has allocated £50,000 to meet the loss of income as part of the 2018/19 Budget.

8.0 EXTERNALLY FUNDED PROJECTS

8.1 SLAB Funding

The Scottish Legal Aid Board have confirmed a further one year extension of £122,000 for the Making Advice Work project in Inverclyde which will be utilised to support the HSCP Advice First triage line; Scottish Legal Services Agency have advised that there may be additional funding of up to £50,000 available for one year to focus on increasing direct debit advice delivery. Inverclyde HSCP Advice Services are currently developing an application to pilot web chat for debt advice provision and if successful will be incorporated into the current Advice First triage service.

8.2 Macmillan Welfare Benefits Service

Inverclyde HSCP have received a two year grant from Macmillan to increase the current capacity of the Macmillan welfare benefits service. A 0.8wte Grade Advice worker post has been recruited and Inverclyde HSCP looks forward to maintaining and enhancing the partnership with Macmillan Cancer Support by delivering a much valued service to people in Inverclyde diagnosed with cancer, their families, and their carers.

8.3 The Macmillan/Inverclyde HSCP Benefits Service has operated in Inverclyde for approximately ten years. The service in that time has delivered a valuable support to people in Inverclyde affected by cancer, with over 3,000 individuals assisted and £10 million generated through income maximisation activities. Although funding from Macmillan ceased, Inverclyde HSCP has maintained the provision of a partnership service by mainlining a Macmillan Welfare Rights Officer post. The demands on this service, while always intensive in terms of numbers of clients seen, has also changed in nature. The introduction of full service Universal Credit in Inverclyde has increased the complexity of benefits case work and resulted in a pattern of multiple ongoing interventions to resolve benefit issues. In addition, a feature of the work of the Welfare Rights Officer recently has been the necessity to challenge DWP decision making through its various stages including representation at oral hearings of First Tier Tribunals. The new funding from Macmillan will enable additional capacity for the Macmillan benefits service to continue its focus on income maximisation work.

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					

9.2 Legal

There are no legal issues arising from this report.

9.3 Human Resources

There are no HR issues arising from this report.

9.4 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.

9.5 Repopulation

There are no repopulation issues arising from this report.

10.0 LIST OF BACKGROUND PAPERS

10.1 None

Universal Credit - Inverclyde Council

	No. of UC claimants	% of UC claimants with earnings	No. of UC claimants with Council Tax Reduction	No. of UC claimants awarded SWF Crisis Grants
Feb-17	1466	27%	647	128
Mar-17	1960	28%	883	125
Apr-17	2576	31%	1019	118
May-17	2908	29%	1159	135
Jun-17	3169	29%	1256	134
Jul-17	3470	31%	1358	109
Aug-17	3582	31%	1498	119
Sep-17	3786	31%	1581	134
Oct-17	3899	32%	1763	109
Nov-17	4103	35%	1838	123
Dec-17	4266	35%	1863	88
Jan-18	4341	36%	1958	202

Notes

1. Caseload is the number of individuals in receipt of Universal Credit either individually or as part of a couple

Scottish Welfare Fund
31st January 2018

Calls Answered	7794		
Applications	3952		
Applications Granted	2645	66.93%	
Applications Refused	653	16.52%	Note 3
Applications Withdrawn	597	15.11%	
In Progress	57	1.44%	
Referrals to DWP	214		Note 2
	<u>Spend</u>	<u>Budget</u>	<u>Spend</u>
	<u>£000</u>	<u>£000</u>	<u>%</u>
Crisis Grant paid (1910)	184.9	318.2	58.11%
Community Care Grants paid (758) (includes 23 applications paying both CCG & CG)	393.9	519.2	75.87%
	<u>578.8</u>	<u>837.4</u>	69.12%

Note 1 1st Tier Reviews waiting decision = 3
1st Tier Review decisions = 45 (1.36%)
1st Tier Reviews upheld in customer favour = 14 (31.11%)
2nd Tier Reviews = 5 (as % of 1st tier decisions: 11.11%)
2nd Tier Reviews upheld in customers favour = 2 (40.00%) 2 awaiting SPSO response

Note 2 Referrals to DWP are the number of customers who are awaiting payment of a new claim for Universal Credit from DWP. In these circumstances an application can be made for a UC advance, which is repayable to the 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 Core Budget is £677,475 to which is added £100,000 allocation from the Welfare Reform recurring budget and a residual underspend from previous years of £60,000

Discretionary Housing Payments
Position 31.01.18

<u>1/ SSSC (Bedroom Tax)</u>		
Applications Approved	1673	95.55%
Applications Not Eligible/Refused	59	3.37%
Applications Being Assessed	19	1.09%
	<u>1751</u>	
	<u>£000</u>	
Paid to Date	967833	Note 1
2017/18 Budget	<u>975421</u>	
(Under)/Overspend	<u>(7588)</u>	
<u>2/ Other DHP Cases</u>		
	<u>£000</u>	
2017/18 Budget	164451	Note 2
less : Payments to 31/1/18	218959	Note 3
Maximum additional payment to year end	69703	Note 4
(Under)/Overspend	<u>124211</u>	

Notes

- 1/ Represents 99.71% of those households known to be affected by SSSC.
 - 2/ Includes £40k from the Welfare Reform recurring budget
 - 3/ Includes £19k Benefit Cap, £144k Temporary Accommodation projected to year end.
 - 4/ Applications in progress still to be verified and paid plus applications expected and potentially paid before year end
- Finance Services
31/01/2018