

---

<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>22 May 2018</b>
<b>Report By:</b>	<b>Chief Financial Officer</b>	<b>Report No:</b>	<b>FIN/54/18/AP/LA</b>
<b>Contact Officer:</b>	<b>Alan Puckrin</b>	<b>Contact No:</b>	<b>01475 712223</b>
<b>Subject:</b>	<b>Welfare Reforms Update</b>		

---

## 1.0 PURPOSE

- 1.1 The purpose of this report to update the Committee on the impacts of the UK Government's Welfare Reforms.

## 2.0 SUMMARY

- 2.1 Since the last report there are 300 more UC claimants in Inverclyde, increasing the number on UC to 4648, Appendix 1. 32% had earnings included in the assessment of their claim at the point of the DWP data extract, compared with the national position of 38%.
- 2.2 Inverclyde Council surveyed Universal Credit claimants between 22 March and 12 April 2018. Initial analysis is included in section 6 of the report. The survey also asked about people's experience making their claim; how they are managing after a number of months being on UC and about their overall experience. This information will be analysed and reported after the summer recess.
- 2.3 The Scottish Welfare Fund expenditure exceeded core funding from the Scottish Government in 2017/18 by £101,000 (15%). The level of Crisis Grants paid (£260,000) was 37% greater than 2016/17. The amount awarded for Community Care Grants (£519,000) increased by 4.71%. Appendix 4 gives more detail of 2017/18 Scottish Welfare Fund payments, the reasons grants were awarded, the purpose of the payment and an overview of the age groups and household composition.
- 2.4 The Committee also requested more details on the impact on rent arrears of UC and how this was being managed by Registered Social Landlords. Some detail is included in the report whilst Appendix 5 provides detail at an RSL level in the agenda's private papers .

## 3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee notes the update on the roll out of Universal Credit, the out-turn for DHP/SWF in 2017/18 and the impact on rent arrears since the implementation of Universal Credit.

**Alan Puckrin**  
**Chief Financial Officer**

## **4.0 BACKGROUND**

- 4.1 The Committee has requested that reports are presented to each meeting of the Policy & Resources Committee updating Members on the impact of Welfare Reforms and the response by the Council and partners in managing these at a local level.

## **5.0 UNIVERSAL CREDIT UPDATE**

- 5.1 There has been a noticeable movement in Employment and Support Allowance claimants being assessed as being fit for work, many going on to claim UC. Since the last report there are 300 more UC claimants in Inverclyde, increasing the number on UC to 4648, Appendix 1. 32% had earnings included in the assessment of their claim at the point of the DWP data extract, compared with the national position of 38%. Earnings include the final pay received by those recently made unemployed and therefore this statistic does not necessarily reflect the level of those actively employed. Local services have however evidenced more people being able to take up and maintain part time hours and being better off on UC.
- 5.2 Inverclyde's Universal Credit claims will transfer from a Universal Credit Service Centre in Walsall to a Glasgow centre by the beginning of May 2018 and phone calls currently handled by a range of contact centres across the country will be centralised and handled by a Glasgow based centre under the same management as the service centre. The close proximity of both to Inverclyde will permit better communication with the Greenock Jobcentre and the Council's UC Operations Group. These changes will improve the service delivered to Inverclyde's UC claimants.
- 5.3 Access to suitable IT facilities is an essential requirement for UC claimants to report changes in their circumstances and maintain contact with their work coach as well as carrying out work search activity. An inventory of Council and Financial Inclusion Partners' IT facilities was recently carried out and preliminary results of a survey of UC claimants supports the view that there are sufficient facilities in place. This is further evidenced by the absence of benefit sanctions being imposed because of failure to respond to prompts and correspondence. Services continue to support UC claimants maintain their online accounts, again evidenced by the UC survey.
- 5.4 Since the last report, changes announced in the Westminster autumn 2017 budget have started to take effect. UC claimants can apply for the equivalent to 100% of their projected entitlement including housing costs, with repayment over 12 months. DWP has been asked to find out the level of uptake of the UC Advance. Since the middle of April 2018 housing costs have been removed from UC for homelessness service users and replaced by Housing Benefit. This will improve the income for the Homelessness Service and will minimise the pressure on the DHP budget.
- 5.5 A separate announcement was made amending UC regulations that will permit all 18-21 year olds access to help with housing costs. The implementation date is to be confirmed. The Scottish Government introduced a scheme administered through the Scottish Welfare Fund to support those who do not meet a DWP exception criterion and need help with housing costs, although this has not so far been called on in Inverclyde.

## **6.0 UNIVERSAL CREDIT SURVEY**

- 6.1 Inverclyde Council surveyed Universal Credit claimants between 22 March and 12 April 2018. The purpose of the survey was to obtain customer insight to understand how people are managing with Universal Credit and to help prepare for future service provision when those with the most complex needs will be required to claim. The online survey was widely publicised through local media and by email directly to UC claimants. The link to the survey was provided to customer services, housing associations and advice agencies who were encouraged to help their service users complete it.
- 6.2 156 people completed the survey or completed it with the help of a support provider. More than 70% of respondents first claimed UC more than 6 months ago. 80% are managing their claim on

their own with 78% of respondents accessing their UC online account at home or wherever there is a Wi-Fi connection. 10% said they are helped by family and friends and the same number rely on services such as a housing association, library staff or workers at their local community centre. 16% use facilities in the Jobcentre and 17% use library facilities. 85% have received some level of help and of the 156 respondents 76 have been helped by Jobcentre Plus, 39 by Financial Fitness, 36 by Housing Associations, 29 by The Trust and 23 by Advice First.

- 6.3 31% of respondents had made a change to their claimant commitment however almost 28% of respondents did not know they are able to do this. 73% know to report changes in their health conditions with 39% of respondents having had a work capability assessment. 86% know where to find their UC statement but 14% do not know where in their UC account they can find the components of their UC payments. 16 respondents (10%) said they have their UC paid twice each month although 62% did not know this option was available. 30 respondents (19%) have the housing element paid directly to their landlord (not all UC claimants receive help with housing costs).
- 6.4 The survey went on to ask about people's experience making their claim; how they are managing after a number of months being on UC and about their overall experience. This information will be analysed and reported after the summer recess.

## **7.0 DISCRETIONARY HOUSING PAYMENTS/SCOTTISH WELFARE FUND**

- 7.1 At 31 March 2018, DHP mitigates 99.1% of Housing Benefit claimants affected by the SSSC (Bedroom Tax). The DWP does not notify the Council of UC claimants affected by the reduction so efforts are made by other means to identify and support those eligible to apply. During 2017/18 £0.222million DHP was awarded to UC claimants. Appendix 2 shows total DHP expenditure on the SSSC was £0.978m and payment to those who need assistance with housing costs for other reasons was £0.262m. The return to Housing Benefits of Homelessness housing costs will ease the pressure on the DHP budget. Appendix 2.
- 7.2 SWF expenditure exceeded core funding from the Scottish Government in 2017/18 by £101,000 (15%). The level of Crisis Grants paid (£260,000) was 37% greater than 2016/17. The amount awarded for Community Care Grants (£519,000) increased by 4.71%. The overspend will be contained in extra resources allocated from the Council's own budgets. (Appendix 2).
- 7.3 Officers were asked by Members at the last Committee meeting to provide more information about Scottish Welfare Fund grant expenditure. Appendix 4 gives more detail of 2017/18 Scottish Welfare Fund payments, the reasons grants were awarded, the purpose of the payment and an overview of the age groups and household composition.

## **8.0 UNIVERSAL CREDIT & RENT ARREARS**

- 8.1 Housing Associations took different approaches to Universal Credit and introduced structural and operational changes at different times. Some restructured with specialist staff managing rent and arrears collection and others retained arrangements to fit with wider organisational strategic aims where housing employees are generic and carry out a range of duties. Some changes were made as long ago as 2013 and others around the UCFS launch in 2016. No more than 2 additional employees were recruited specifically for UCFS.
- 8.2 System changes were introduced to track tenants UC claims going into payment and to monitor arrears repayment. One Housing Association has 3 systems, one to manage UC tenants and separate ones for HB claimants and those who do not receive help with rent. Another Housing Association maintains a record of each rent account balance when Universal Credit is claimed to assess the impact on arrears and to try and predict arrears levels going forward and has noticed an improvement as DWP processing and payment times improve.
- 8.3 Demands on Housing Associations include ensuring each of their tenants have declared their rent liability as part of their UC claim and automated processes in place under the Housing Benefit

scheme have been replaced with laborious administrative tasks. Handling tenants' enquiries can take considerably longer to resolve because, firstly, the tenant must give the DWP written consent on their online UC account before the DWP will release information to a housing officer and given the structure of UC being a single benefit for the whole household, enquiries are often complex.

- 8.4 Engagement with tenants has changed with early support being offered to ensure tenants get off to the right start with the help they need. As well as assistance being available in housing offices, there has been an increase in the use of mobile technology with housing officers using tablets in tenants' homes to help with UC issues including reporting changes of circumstances and rent increases. A Housing Association has introduced a laptop loan scheme for those who do not have their own device. UC support provision is featured heavily in written communications with tenants and another has messages about welfare benefit support on their telephony.
- 8.5 New arrears and legal action policies have been introduced since UCFS although Housing Associations do not differentiate the application of these between UC claimants and those who are not on the benefit. Internal arrears recovery procedures have either been updated or are in the process of being revised to include specific steps for managing tenants claiming UC with key focus on prevention and early intervention to avoid escalating arrears. Tenants are referred to tenancy support services before tenancy recovery proceedings begin.
- 8.6 Those who are in persistent arrears are taken through the arrears recovery procedure with court action being raised in line with their respective policies. Tenants are referred to social work and homeless services are notified when proceedings are raised. UC has not been cited by any association as being directly responsible for the eviction of a UC tenant. Appendix 5 contains more details and is contained within the confidential papers.
- 8.7 The DWP launched a Landlord Portal to ease elements of administration for social housing providers. The largest and those areas newest to UCFS have been provided with access. It is gradually being rolled out across the county however it is still to reach any of the Inverclyde Housing Associations and as yet there is no indication of Inverclyde's place on a roll out schedule.
- 8.8 Legislative changes announced at the Westminster autumn 2017 budget have been introduced to help to mitigate the effect on rent arrears when tenants first claim UC.
  - Seven "waiting days" at the start of the UC claim was abolished in February 2018 meaning claimants will be entitled to UC payments including help with housing costs from the first day of their claim rather than foregoing a week until entitlement begins.
  - Transition to UC Housing Payment is the payment of a further 2 weeks Housing Benefit at the beginning of the UC claim, meaning tenants who previously received Housing Benefit will from April 2018 have rent covered by both Housing Benefit and Universal Credit in respect of the first 2 weeks of their UC claim. Housing Benefit will be paid at the point it is due and UC will be paid for the same 2 week period when the UC claim is due to be paid and housing costs have been verified.
- 8.9 Assuming tenants use the payments to pay their rent; these measures will in many cases prevent significant arrears at the start of the UC claim. The additional 2 weeks Housing Benefit applies only to those with an active housing benefit claim. Furthermore, the changes do not apply to those who have already moved onto the new benefit and have been adversely affected by the previous policies. The arrears will remain and the housing associations will continue to manage their recovery.

## **9.0 IMPLICATIONS**

### **9.1 Finance**

The financial implications are as detailed within the report.

## 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 specific legal implications arising from this report.

## 9.3 Human Resources

There are no HR implications 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

Reacting positively to the on-going welfare reform changes will help retain people within Inverclyde and hence maintain population levels.

## 10.0 CONSULTATIONS

10.1 The Welfare Reform Board continues to meet discuss all welfare reform matters , including the matters raised in this report within a partnership forum.

## 11.0 LIST OF BACKGROUND PAPERS

11.1 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
<b>Feb-17</b>	1466	27%	647	128
<b>Mar-17</b>	1960	28%	883	125
<b>Apr-17</b>	2576	31%	1019	118
<b>May-17</b>	2908	29%	1159	135
<b>Jun-17</b>	3169	29%	1256	134
<b>Jul-17</b>	3470	31%	1358	109
<b>Aug-17</b>	3582	31%	1498	119
<b>Sep-17</b>	3786	31%	1581	134
<b>Oct-17</b>	3899	32%	1763	109
<b>Nov-17</b>	4103	35%	1838	123
<b>Dec-17</b>	4266	35%	1863	88
<b>Jan-18</b>	4314	33%	1958	202
<b>Feb-18</b>	4515	30%	2153	160
<b>Mar-18</b>	4648	32%	2205	143

Notes

1. No. of UC claimants is the number of individuals in receipt of Universal Credit either individually or as part of a couple

**Discretionary Housing Payments**  
**Position 31.03.18**

<u>1/ SSSC (Bedroom Tax)</u>		
Applications Approved	1747	95.26%
Applications Not Eligible/Refused	66	3.60%
Applications Being Assessed	21	1.15%
	<u>1834</u>	
	<u>£000</u>	
Paid to Date	978614	Note 1
2017/18 Budget	<u>975421</u>	
(Under)/Overspend	<u>3193</u>	
<u>2/ Other DHP Cases</u>		
	<u>£000</u>	
2017/18 Budget	164451	Note 2
less : Payments to 31/3/18	<u>261949</u>	Note 3
(Under)/Overspend	<u>97498</u>	

Notes

- 1/ Represents 99.08% of those households known to be affected by SSSC.
- 2/ Includes £40k from the Welfare Reform recurring budget
- 3/ Includes £20k Benefit Cap, £184k Temporary Accommodation

Finance Services  
31/03/2018

**Scottish Welfare Fund**  
**31<sup>st</sup> March 2018**

Calls Answered	10849		
Applications	5553		
Applications Granted	3668	66.05%	
Applications Refused	966	17.40%	Note 3
Applications Withdrawn	866	15.60%	
In Progress	53	0.95%	
Referrals to DWP	277		Note 2
	<u>Spend</u>	<u>Budget</u>	<u>Spend</u>
	<u>£000</u>	<u>£000</u>	<u>%</u>
Crisis Grant paid (2693)	259.5	318.2	81.55%
Community Care Grants paid (1015) (includes 40 applications paying both CCG & CG)	519.2	519.2	100.00%
	<u>778.7</u>	<u>837.4</u>	92.99%

**Note 1** 1<sup>st</sup> Tier Reviews waiting decision = 4  
 1<sup>st</sup> Tier Review decisions = 58 (1.25%)  
 1<sup>st</sup> Tier Reviews upheld in customer favour = 20 (34.48%)  
 2nd Tier Reviews = 6 (as % of 1<sup>st</sup> tier decisions: 10.34%)  
 2nd Tier Reviews upheld in customers favour = 4 (66.67%)

Note 5

**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

**Note 5** 2 decisions based on additional information sourced by SPSO which was not available to Discretionary Payments Team at the point of the original application or 1<sup>st</sup> tier review stage.



## **Crisis Grants**

2651 Crisis Grants were approved and of these 1574 were UC claimants

### Who received the grants?

54% of Crisis Grants were paid to men and 46% to women. The majority of awards were made to working age people with the largest group being single people who received 1764 grants (67%), 382 of these were awarded to those aged 16-24 years; 114 grants (4%) were made to people aged over 60 years; and 90 awards were made to working age couples (4%).

709 grants (27%) were made to families, 573 being lone parents. Most families helped by a Crisis Grant were lone parents with one or two children (492); 33% of all families who received a grant had a child aged less than 4 years.

### Why were grants made?

11 grants (0.41%) were made for living expenses or items where the need had arisen as a result of a disaster (fire, flood, gas leak/ explosion).

2640 grants (99.59%) were made because of an emergency for short term living expenses needed until the applicant's next income was due.

1084 grants (41%) were made because the applicant had exhausted their funds after paying for an unavoidable expense or because they mismanaged their money. 957 grants (36%) were paid to see applicants through a short period while they waited for the payment of a new benefit claim or perhaps due to an interruption in Tax Credit payments. 333 grants (12.61%) were awarded because the applicant had run out of money because they encountered an unexpected expense. 232 grants (9%) were made due to the applicant reporting lost or stolen money.

### What costs were the grants intended for?

479 grants (15%) were made specifically for food (£27k); and 367 grants (12%) for gas/ electricity (£18k). General living expenses, which includes an element of food and fuel accounted for 2153 grants (69%) and amounted to £209k (81% of crisis grant expenditure).

## **Community Care Grants**

Of the 931 Community Care Grants, 172 were "supported applications", applications made on behalf of the applicant by a family member or support service.

### Who received the grants?

60% of grants were awarded to women and 40% to men. The majority of awards were made to working age people with the largest group being single people who received 499 grants (54%), 96 of these were awarded to those aged 16-24 years; 127 grants (14%) were made to people aged over 60 years; and 34 awards were made to working age couples (4%).

298 grants (32%) were made to families, 253 being lone parents. Most families helped by a Community Care Grant were lone parents with one child (49%); 31% of all families who received a grant had a child aged less than 4 years.

Why were grants made?

558 grants (60%) were made to enable individuals to maintain a settled home where there is a risk of needing to enter care. The majority were to help improve living conditions. 94 were made to avoid homelessness and 74 to help with a move to more suitable accommodation.

251 grants (27%) were made to maintain a settled home where an individual is facing exceptional pressures; 117 of which were to meet the needs of a child; 54 were to help those with significant problems with their accommodation; 33 following the breakdown of a relationship and 10 for families who were leaving temporary accommodation.

62 grants (7%) were made to enable individuals to establish or maintain home after being homeless or having an unsettled way of life.

45 grants (5%) were to enable individuals leaving prison and 14 (2%) were made to those leaving care to establish or maintain a settled home.

What items or costs were grants intended for?

Most expenditure was directed to pay for carpeting and flooring (£106k); beds and bedding, (£92k and £10k) the majority of which was for children; white goods and installations (£166k) and furniture and fittings (£35k)

AP/LA  
19/4/18