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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>5 February, 2019</b>
<b>Report By:</b>	<b>Chief Financial Officer</b>	<b>Report No:</b>	<b>FIN/13/19/AP/CM</b>
<b>Contact Officer:</b>	<b>Alan Puckrin</b>	<b>Contact No:</b>	<b>01475 712223</b>
<b>Subject:</b>	<b>Welfare Reform Update</b>		

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## 1.0 PURPOSE

- 1.1 The purpose of this report is to update the Committee regarding the latest developments in relation to Welfare Reform.

## 2.0 SUMMARY

- 2.1 There are 5,822 UC claimants in Inverclyde as of November 2018 (Appendix1). DWP's latest published data at May 2018 reports 4,477 Employment and Support Allowance (ESA) claimants and almost 500 claiming other means tested benefits who together with their partners will be required to claim UC.
- 2.2 In response to the findings of the Social Security Advisory Committee and criticism from the third sector, the government decided to amend draft legislation setting out the way Universal Credit will roll out. Rather than enshrining in legislation the way in which people will be migrated to Universal Credit, testing from July 2019 will be done with a relatively small number of up to 10,000 claimants.
- 2.3 The Welfare Reforms Board are recommending continued funding to March 2021 for 3 projects as set out in section 6. In agreeing this continued support it will provide greater financial certainty to these important partner services.
- 2.4 Both DHP and SWF are projecting overspends this year against resources allocated by the Government and Council. Whilst these will be contained in carried forward earmarked reserves in 2018/19, should this trend continue then it will present a budget pressure at some point in the future.

## 3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee notes the latest update regarding the impact of Welfare Reform within Inverclyde.
- 3.2 It is recommended that the Committee approves the allocations from the Anti Poverty Fund as set out in Section 6 of the report.

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

## **4.0 BACKGROUND**

- 4.1 The Committee has agreed to receive an update each Committee cycle on the developments, impacts and action taken by the Council in respect of the significant changes to Welfare Reform.
- 4.2 Inverclyde was selected as one of the first areas in Scotland to implement Universal Credit. Whilst changes have been made by the DWP to the UC process based on practical experience of the impact on individuals, there continues to be significant demand on Council and partner services. Updates on which are included in the report.

## **5.0 UNIVERSAL CREDIT**

- 5.1 The Chancellor announced a further package of measures at the autumn 2018 budget to ease the impact of Universal Credit. Officers welcome the changes, although acknowledge some will take time to take effect. The changes are subject to parliamentary approval and will be reported as they are implemented. There is no change to the 2 child limit and the working age benefits freeze remains.
- 5.2 In response to the findings of the Social Security Advisory Committee and criticism from the third sector, the government decided to amend draft legislation setting out the way Universal Credit will roll out. Rather than enshrining in legislation the way in which people will be migrated to Universal Credit, testing from July 2019 will be done with a relatively small number of up to 10,000 claimants. The announcement of test sites is expected in January 2019. DWP are consulting a national group on the detail of the delivery plans. The group comprises representation from the Social Security Advisory Committee, the third sector; representatives from COSLA's LA Welfare Reform Advisory Group and a representative from River Clyde Homes who is committed to ensuring Inverclyde's experience and views are understood.
- 5.3 There are 5,822 UC claimants in Inverclyde as of November 2018 (Appendix1). DWP's latest published data at May 2018 reports 4,477 Employment and Support Allowance (ESA) claimants and almost 500 claiming other means tested benefits who together with their partners will be required to claim UC. DWP estimates that 40%-45% of those who will migrate to UC currently claim Tax Credit and no other benefits. This could mean a further 5,000 will go on to claim UC.
- 5.4 The DWP Universal Credit Service Centre considers Inverclyde to be at steady state with high use of UC journals and lower telephone traffic than other areas, allowing case managers to concentrate on claims processing. While concerns about the impact of UC policy remain, local service providers no longer report the same level of challenges with claim administration.
- 5.5 By August 2018, 48% of the 66,700 UC claimants offered UC Scottish Choices applied for one or both choices. 41% took up the offer of more frequent payments and 38% took up the offer of direct payment of housing costs to their landlord. The number of those who subsequently changed their mind and chose to reverse twice monthly payments is not known.

## **6.0 FINANCIAL ADVICE AND SUPPORT**

- 6.1 In February 2018 the Committee agreed an allocation of funding from Anti-Poverty earmarked reserves to a number of 3rd sector organisations to help support Inverclyde residents to mitigate the impacts of ongoing welfare reform changes. Evaluation of these projects has been ongoing and officers have made the following recommendations at a total cost of £120,000:
  - a) To extend the £30,000 per year allocation to Financial Fitness for a further two years until March 2021
  - b) To extend the £20,000 funding to Starter Packs and £40,000 IHeat £75 for 75 fuel poverty project for the Elderly for a further year until March 2021

- 6.2 The funding for Future Skills will be reviewed during 2019/20 following the loss of UC support funding from the DWP. Liaison with other funders will take place and recommendations brought back to Committee.
- 6.3 The Review of Advice Provision Report has now been received from the external consultants and is the subject of a report elsewhere on the Committee agenda.
- 6.4 Citizens Advice Scotland have received funding from DWP to deliver a Help to Claim service for clients applying for Universal Credit, and funding from the Scottish Government to deliver Financial Health Checks within Inverclyde. Discussions with Citizens Advice Scotland have been positive, and as is current practice for a number of CAS services, East Renfrewshire CAB will deliver within Inverclyde. To ensure effective pathways for advice within Inverclyde, a Memorandum of Understanding will be developed across all advice partners.

## **7.0 OTHER MATTERS**

### **7.1 Devolved Social Security**

The Scottish Government local delivery relationship lead has met with officers and a number of local external partners. An over-arching agreement is in place between COSLA and the Scottish Government and this will form the basis for local agreements with Councils.

The delivery of devolved benefits continues with the second of twice yearly payments of the Carers Supplement being made to eligible carers on 14 December 2018.

The baby and pregnancy elements of the Best Start Grant were launched on 10 December 2018. The Inverclyde Child Poverty Action Group is sighted on this and is supporting the promotion of the new benefits.

### **7.2 Employment and Support Allowance**

DWP are correcting some historic underpayments of Employment and Support Allowance (ESA) which arose largely between January 2011 and October 2014 while converting Incapacity Benefit and Severe Disability Benefit to Employment and Support Allowance. DWP is reviewing 570,000 ESA cases with plans to complete this work by the end of 2019. On average the Department estimates that affected individuals could be due around £5,000 in arrears and higher entitlement. The DWP has prioritised checking the claims of individuals known from their systems to be terminally ill.

### **7.3 DHP**

Appendix 2 shows that £1,016,622 in Discretionary Housing Payments has been awarded or has been committed to be paid to those whose Housing Benefit or Universal Credit had been reduced by the SSSC. Those coping with financial hardship for other reasons including those in temporary accommodation have been assisted by DHP amounting to £156,000. This exceeds the Scottish Government allocation of £120,000 by £36,000 which will be scored against a carried forward earmarked reserve at the year end.

### **7.4 Scottish Welfare Fund**

Appendix 3 shows that expenditure on the Scottish Welfare Fund (SWF) to 31 December 2018 was £589,000, exceeding the Scottish Government programme funding by 17%. Demand on the SWF budget is expected to continue at around this rate meaning expenditure will exceed the 2018/19 Scottish Government allocation and the £100,000 from the Welfare Reform recurring budget. Any overspend will be met from the carried forward earmarked reserve at the year end.

## 8.0 IMPLICATIONS

### 8.1 Finance

#### Financial Implications:

##### One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
Anti Poverty Fund	PtOB	2019/21	120		Proposals per Section 6.1

##### Annually Recurring Costs/ (Savings)

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

### 8.2 Legal

There are no specific legal implications arising from this report.

### 8.3 Human Resources

There are no HR implications arising from this report.

### 8.4 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.

### 8.5 Repopulation

By mitigating some of the impacts arising from Welfare Reforms then this will help retain people in the area and support the repopulation agenda.

## 9.0 LIST OF BACKGROUND PAPERS

### 9.1 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>	4628	30%	2205	143
<b>Apr-18</b>	4804	31%	2258	160
<b>May-18</b>	5000	31%	2323	150
<b>Jun-18</b>	5240	32%	2408	135
<b>Jul-18</b>	5397	32%	2526	125
<b>Aug-18</b>	5527	32%	2607	176
<b>Sep-18</b>	5640	33%	2647	156
<b>Oct-18</b>	5718	33%	2657	127
<b>Nov-18</b>	5822	31%	2690	172

**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 31.12.18**

<u>1/ SSSC (Bedroom Tax)</u>		
Applications Approved	1591	94.31%
Applications Not Eligible/Refused	76	4.51%
Applications Being Assessed	20	1.19%
	1687	
	£000	
Paid to Date	1016622	Note 1
2018/19 Budget	951776	Note 2
(Under)/Overspend	64846	
<u>2/ Other DHP Cases</u>		
	£000	
2017/18 Budget	120152	Note 3
less : Payments to 31/12/18	155716	Note 4
(Under)/Overspend	35564	

**Notes**

- 1/ Represents 97.81% of those households known to be affected by SSSC.
- 2/ Estimate of liability; Scottish Government will meet expenditure in full.
- 3/ Includes £40k from the Welfare Reform recurring budget
- 4/ Includes £20k Benefit Cap, £71k Temporary Accommodation  
Finance Services  
31/12/2018

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

Calls Answered	9002		
Applications	4645		
Applications Granted	2824	60.80%	
Applications Refused	931	20.04%	Note 3
Applications Withdrawn	847	18.23%	
In Progress	43	0.93%	
Referrals to DWP	191		Note 2
	<u>Spend</u>	<u>Budget</u>	<u>Spend</u>
	<u>£000</u>	<u>£000</u>	<u>%</u>
Crisis Grant paid (2050)	193	254	75.98%
Community Care Grants paid (808) (includes 34 applications paying both CCG & CG)	396	517	76.60%
	<hr/>	<hr/>	
	589	771	76.39%

**Note 1** 1<sup>st</sup> Tier Reviews waiting decision = 0  
 1<sup>st</sup> Tier Review decisions = 65 (1.73%)  
 1<sup>st</sup> Tier Reviews upheld in customer favour = 32 (49.23%)  
 2nd Tier Reviews = 6 (as % of 1<sup>st</sup> tier decisions: (9.23%)  
 2nd Tier Reviews upheld in customers favour by SPSO = 2 (33.33%) 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 £670,985 to which is added £100,000 allocation from the Anti-Poverty recurring budget.

**Note 5** 1 decision was 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.