
Report To:	Policy & Resources Committee	Date:	26 March,2019
Report By:	Chief Financial Officer	Report No:	FIN/33/19/AP/FM
Contact Officer:	Alan Puckrin	Contact No:	01475 712223
Subject:	Welfare Reform Update		

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 5,840 UC claimants in Inverclyde as of January 2019 (Appendix1). There are further updates contained in the body of the report about Managed Migration, the two child limit and Severe Disability Premium.
- 2.2 Both DHP and SWF continue to project overspends against the resources allocated by the Scottish Government. For 2018/19 these are expected to be met from existing earmarked reserves.
- 2.3 The impact of Universal Credit on rent arrears and evictions for non-payment of rent and how this is being managed by Registered Social Landlords (RSL) was reported to the Committee in spring 2018. An update on action being taken to manage the situation is included in section 7 whilst detailed figures for individual RSLs are included as a private paper in Appendix 4.
- 2.4 Inverclyde Financial Inclusion Partnership have met with the East Renfrewshire Citizen Advice Bureau, who will be delivering a Help to Claim service for Universal Credit claimants in the Inverclyde area and also a Financial Health Check service as part of a national campaign being run by the Scottish Government. There will be one full-time staff member to deliver the Universal Support in Inverclyde and a 0.5 full-time equivalent staff member to carry out the Financial Health Checks. East Renfrewshire CAB are looking to co-locate their staff members in libraries, the Job Centre and other Financial Inclusion Partners' premises as a means of delivering both services.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee notes the latest update regarding the impact of Welfare Reform within Inverclyde.

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 various aspects of the Council's response are included in the report.
- 4.3 The Committee has created two earmarked reserves to fund initiatives/budget pressures arising from Welfare Reform. The largest is the Anti-Poverty Fund which is spent on initiatives to directly mitigate the impacts whilst the Operational Welfare Reforms Reserve is used to provide temporary resources and one off systems change costs for the Revenues & Customer Services team.

5.0 UNIVERSAL CREDIT

- 5.1 There are 5,840 UC claimants in Inverclyde as of January 2019 (Appendix1). The impact of Universal Credit on rent arrears and evictions for non-payment of rent and how this is being managed by Registered Social Landlords (RSL) was reported to the Committee in spring 2018. Officers returned to the RSLs to compare the position 12 months later. Appendix 4 details arrears at an RSL level in the agenda's private papers and section 7 of this report gives some insight and observations about the relationship between UC, rent arrears and evictions.
- 5.2 DWP has released further information about the Managed Migration programme. Subject to parliamentary approval, powers have been sought to conduct a pilot phase of Managed Migration, to track no more than 10,000 claimants through the process. The government has said that the goal of the pilot is to learn as much as possible and to increase numbers as slowly as necessary, and with safeguards throughout the process. There is a commitment to finding those who will need support and to help them through the process, including home visits where necessary. This will give an indication of the size of the support requirement which will be key information for any future scaling. DWP will work with partners to ensure they reach people who might otherwise be missed, and the further development of these delivery relationships is a major aspect of this phase of the programme. Managed Migration in large numbers is scheduled to begin no sooner than late 2020.
- 5.3 Legislation was passed in January 2019 to prevent those individuals who live alone with substantial care needs and who receive the Severe Disability Premium from moving on to Universal Credit. These claimants will continue to claim legacy benefits until being moved to Universal Credit during the managed migration process when they will qualify for transitional protection. In the region of 500,000 people are expected to be protected by as much as £4,100 each year. An announcement of measures to compensate people who previously got the Severe Disability Premium and have already been moved to Universal Credit is expected.
- 5.4 An element of legislation limiting support for families on Universal Credit to two children has been reversed. Families with three or more children who make a new claim for Universal Credit will be entitled to benefit for each child born before 6 April 2017. This is expected to help around 15,000 families by up to £2,700 for each extra child. Additional child elements for a child born on or after 6 April 2017 will not be given if there are already two or more child elements in the payment.
- 5.5 Scottish Government (SG) officers continue to work with DWP to deliver the devolved powers within UC. Work is underway but is expected to take some time for the SSSC or Bedroom Tax to be removed. In the meantime mitigation through DHP continues to be administered by Councils. SG and DWP are also in the process of establishing what is viable within DWP's systems to deliver the policy of splitting UC payments between 2 members of a couple. Scottish Government officers continue to raise concerns with the DWP about the impact of the working age welfare benefits freeze in place since 2015, the Benefits Cap and the absence of information about who is affected by the cap.

6.0 OTHER MATTERS

6.1 Devolved Social Security

Regulations have been laid for two new Scottish benefits. Best Start Grant School Age payments which will open for applications on 3 June 2019 will see eligible families receive £250 to help with the costs of preparing for school.

Funeral Expense Assistance will replace the current DWP Funeral Payment in Scotland from summer 2019 with around 40% more people being eligible to apply.

Inverclyde's Local Delivery Relationship Lead continues to make links with local services to prepare for the launch and take up of the new benefits. Recruitment to establish a local team in each council area began in February 2019 starting with 32 Client Support team leaders which will be followed by a further 68 support workers later in the year. Once fully operational, there will be approximately 400 posts in place across Scotland delivering a face to face service for those who need it most in their communities

6.2 DHP

Appendix 2 shows that £1,027,393 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 £157,287. This exceeds the Scottish Government allocation of £120,000 by £37,000 which will be scored against a carried forward earmarked reserve at the year end.

6.3 Scottish Welfare Fund

Appendix 3 shows that expenditure on the Scottish Welfare Fund (SWF) to 31 January 2019 was £636,000, exceeding the phasing of the Scottish Government programme funding by 14%. 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 may not be sufficient to absorb the pressure.

7.0 UNIVERSAL CREDIT: RENT ARREARS AND EVICTIONS

- 7.1 The impact of Universal Credit on rent arrears and how this is being managed by Registered Social Landlords was reported to the Committee in spring 2018. Officers returned to the RSLs to compare the position 12 months later. Appendix 4 details arrears at an RSL level in the agenda's private papers.
- 7.2 RSLs, Jobcentre Plus, Legal Services Agency and Advice Services offer support and take whatever action is needed to resolve customers' UC problems to avoid eviction action commencing. There is a shared view that it is not possible to say that UC is solely responsible for an eviction. There are however aspects of the operation of UC that makes it more likely that difficulties will arise which increase the chances of an eviction. A combination of factors; historical arrears, the tenant refusing help and mismanagement of UC housing cost payments bring new challenges for landlords collecting rent payments. There is not enough evidence to distinguish if non-payment of rent is down to a voluntary decision by tenants or because of hardship or struggling to pay rent due to the new UC arrangements, particularly for those who have experienced a financial detriment in their entitlement.
- 7.3 There is evidence of private sector tenants seeking advice from local advice services when landlords have started eviction proceedings due to problems associated with UC. Services have been able to liaise with the landlords explaining matters outwith the tenant's control and then going on to support the tenant resolve the issue.

- 7.4 There are number of reasons why some UC claimants have struggled to maintain their rent payments. The working age benefits freeze in place since 2015/16 means a real terms decrease in the value of welfare benefits and is compounded by prices for some basic essentials, which people on low incomes typically spend a larger proportion of their incomes on, rising even faster. Tenants with several children have been affected by the benefit cap, again reducing household income. The report by the Resolution Foundation: "Back in Credit? Universal Credit after Budget 2018" says that among working families with children, 1.5 million are expected to be better off under UC matching the number expected to be worse off.
- 7.5 A further consideration is the aspect of the payment of help with housing costs in UC not being a separate protected benefit. Housing Benefit is paid separately from other elements of welfare support with recovery of debt and issues with the other legacy benefits being unlikely to impact a claimant's rent. In these circumstances, help is available for living expenses by way of crisis grants, help from a food bank or other temporary solutions until any issues with other benefits are resolved. Under UC, which starts with one global payment for personal allowances as well as housing costs, deductions are taken from the entitlement meaning the amount left for rent can be reduced. Legal Services Agency refers clients to benefits advisers to try to negotiate with DWP a reduction in the deductions to leave enough to cover housing costs.
- 7.6 Finally, there is evidence of tenants who have accrued large rent arrears during the changeover period from other benefits to a new UC claim, as they have not realised that there is limited provision for backdate or have not thought to apply while for example other benefit appeal matters were outstanding.
- 7.7 Housing Associations introduced new arrears and legal action policies to prepare for the introduction of Universal Credit. The policies do not differentiate between UC claimants and those who are not on the benefit. LSA acknowledge that UC has not directly caused evictions but believe there are some aspects of UC which make it difficult for tenants to manage their rent and re-payment of arrears and so always highlight these difficulties to the court when defending eviction action.

8.0 FINANCIAL ADVICE AND SUPPORT UPDATE

8.1 Financial Advice & Support

In February 2019 Inverclyde Financial Inclusion Partnership met with the East Renfrewshire Citizen Advice Bureau, who will be delivering a Help to Claim service for Universal Credit claimants in the Inverclyde area and also a Financial Health Check service as part of a national campaign being run by the Scottish Government.

There will be one full-time staff member to deliver the Universal Support in Inverclyde and a 0.5 full-time equivalent staff member to carry out the Financial Health Checks. East Renfrewshire CAB are looking to co-locate their staff members in libraries, the Job Centre and other Financial Inclusion Partners' premises as a means of delivering both services.

They are also happy to enter into service level agreements with FIP partners to facilitate clients being referred to them and also to allow them to refer clients to other Financial Inclusion Partners for services they cannot provide.

Digital Money Advice Project

The Inverclyde Council Digital Money Advice Project is currently funded through enhanced funding provided by the Scottish Legal Aid Board as a pilot project until 31 March 2019. The objective of the pilot project was to pilot webchat and the use of other online resources as a means of delivering money advice online and to look at how digital advice could be utilised to help channel shift clients from face to face to digital and telephone to digital. No other local authority in Scotland had previously used online chat as a means of delivering money advice.

- There have been over 167 online chats with service users from 1 September 2018 to 31 January 2019 online and 22 offline requests.

- The Digital Money Adviser has taken on taken on 23 clients as cases, dealing with £75,413.28 in debt.
- Twenty-two of the clients have been in employment; although only one has been a home owner. Although not all data is available yet, at least 40% have had incomes of less than £20,000.
- 65% have been male.
- 78% have been in a single household.

The Consumer and Competition Policy Unit of the Scottish Government is currently considering an application to continue the funding for 2019/20.

8.2 I:DEAS (Inverclyde Delivering Effective Advice & Support)

The I:DEAS programme continues to deliver comprehensive and bespoke financial inclusion and capability support to those who are eligible through the six external and two internal partners sub-contracted to the service.

Since the last report, the service conducted a full review and has successfully negotiated multiple changes with the European Social Fund and The Big Lottery Fund (operating as the National Lottery Community Fund) which include:

- A substantial reduction on Key Performance Indicators.
- Revised Funding Model.
- Redistribution of funds in order to create an I:DEAS Support Post.

These amendments have been agreed due to the wealth of evidence provided by I:DEAS to show that the services can be very successful but only when there is increased support, intensive household assistance and maintained contact with those eligible in a multi-disciplinary way. Contract compliance continues to be extremely stringent and this is one reason why a member of Support Staff will benefit the programme. These changes have been agreed within the parameters of the original bid.

Financially, The Big Lottery Fund agreed to release part of their funds to cover costs each service had incurred in the first year of operation. The funding model continues to be outcome based however has been streamlined and both of these changes reduce the financial risk on all partners. To date the I:DEAS programme has registered 325 people and no cases have been closed due to no contact with the participant, despite them frequently being hard to reach. The work of the combined I:DEAS Team continues to be successful in gaining positive outcomes, increasing people's financial capacity and improving social inclusion of those who have had debt removed as a barrier.

9.0 IMPLICATIONS

9.1 Finance

There remains approximately £0.7million unallocated from the Anti-Poverty Fund. Officers are working on the Child Poverty Plan and this is expected to generate proposals to utilise a large element of this whilst a further proposal in improving access to ICT in the community is being progressed by ICT & CLD.

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 implications arising from this report other than those already highlighted.

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

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

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	4314	33%	1958	202
Feb-18	4515	30%	2153	160
Mar-18	4628	30%	2205	143
Apr-18	4804	31%	2258	160
May-18	5000	31%	2323	150
Jun-18	5240	32%	2408	135
Jul-18	5397	32%	2526	125
Aug-18	5527	32%	2607	176
Sep-18	5640	33%	2647	156
Oct-18	5718	33%	2657	127
Nov-18	5804	34%	2690	172
Dec-18	5753	35%	2725	118
Jan-19	5840	31%	2800	198

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 31.01.19

<u>1/ SSSC (Bedroom Tax)</u>		
Applications Approved	1636	93.65%
Applications Not Eligible/Refused	78	4.46%
Applications Being Assessed	33	1.89%
	<u>1747</u>	
	<u>£000</u>	
Paid to Date	1027393	Note 1
2018/19 Budget	<u>951776</u>	Note 2
(Under)/Overspend	<u>75617</u>	
<u>2/ Other DHP Cases</u>		
	<u>£000</u>	
2017/18 Budget	120152	Note 3
less : Payments to 31/01/19	<u>157287</u>	Note 4
(Under)/Overspend	<u>37135</u>	

Notes

- 1/ Represents 99.09% 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, £70k Temporary Accommodation

Finance Services
31/01/2019

Scottish Welfare Fund
31st January 2019

Calls Answered	9954		
Applications	5223		
Applications Granted	3143	60.18%	
Applications Refused	1045	20.01%	Note 3
Applications Withdrawn	967	18.51%	
In Progress	68	1.30%	
Referrals to DWP	212		Note 2
	<u>Spend</u>	<u>Budget</u>	<u>Spend</u>
	<u>£000</u>	<u>£000</u>	<u>%</u>
Crisis Grant paid (2324)	216	254	85.04%
Community Care Grants paid (857) (includes 38 applications paying both CCG & CG)	420	517	81.24%
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	636	771	82.49%

Note 1 1st Tier Reviews waiting decision = 0
1st Tier Review decisions = 70 (1.67%)
1st Tier Reviews upheld in customer favour = 35 (50.00%)
2nd Tier Reviews = 6 (as % of 1st tier decisions: (8.57%)
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 1st tier review stage.