
Report To:	Policy & Resources Committee	Date:	19 November 2019
Report By:	Chief Financial Officer	Report No:	FIN/101/19/AP/CM
Contact Officer:	Alan Puckrin	Contact No:	01475 712223
Subject:	Welfare Reform Update		

1.0 PURPOSE

- 1.1 The purpose of this report is to provide an update to the Committee on current developments in relation to Welfare Reform.

2.0 SUMMARY

- 2.1 There is little new to report in respect of Universal Credit whilst Discretionary Housing Payments and Scottish Welfare Fund grants are within budget at this stage in the year. As part of its Brexit contingency planning the Scottish Government has allocated £7million nationally into a Rapid Poverty Mitigation Fund to meet expected increase demand for assistance. The basis of distribution is due to be agreed at the end of October and it is anticipated that the bulk of any funding will be channelled towards SWF Crisis Grants.
- 2.2 Take up of the increased eligibility for Clothing Grants and Free School Meals approved by the Council as part of the 2019/20 Budget has exceeded estimates. The increased annual cost of £30,000 will be funded by the Council's non-pay inflation contingency.
- 2.3 Officers continue to await confirmation from HMRC that the Council can reuse DWP data to optimise access to Education Benefits. The local MP has written to HMRC and this allied to the matter also being taken up at a national level is hoped will result in approval being granted.
- 2.4 Various changes to the Social Security system in Scotland have recently been or are planned to be implemented, these are detailed in Section 9 of the report.
- 2.5 Through our monitoring and review processes officers have reviewed the provision from River Clyde Homes around UC support, one-to-one digital skills and budgeting advice via Future Skills. With Citizen Advice Scotland now being responsible for UC support it is officers' recommendation that from April 2020 the digital skills training will be provided by the Community Learning & Development Team.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee notes the various updates contained in this report.
- 3.2 It is recommended that the Committee notes the increase in take up in Education benefits approved as part of the 2019/20 Budget and that funding is in place to meet this increase.
- 3.3 It is recommended that Committee agrees that, due to the transfer of certain duties relating to UC claims to Citizens Advice Scotland, that funding previously provided to Future Skills from the Anti Poverty Fund should discontinue from 31 March 2020.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 Inverclyde became one of the first areas in Scotland to implement Universal Credit Full Service (November 2016). The Committee has received reports each cycle on the impact of this and other Welfare Reforms.
- 4.2 Officers lead a multi-agency Welfare Reform Board and the updates to the Committee contain matters discussed and progressed by officers.

5.0 UNIVERSAL CREDIT

- 5.1 The number of people claiming UC continues to increase at a slow pace with 6021 UC claimants in Inverclyde as of August 2019 (Appendix1).
- 5.2 Officers continue to monitor DWP briefings and parliamentary announcements however no changes to UC have been introduced since the last report.
- 5.3 Citizens Advice Scotland's Help to Claim service is working well. Claimants receive help to make a claim and are contacted again by CAS at the due date of the first payment to make sure the benefit is in place and the level of award is as expected. Help is provided to resolve any concerns. The service is available every day at Jobcentre Plus and it is being trialled at the Central Library.

6.0 DISCRETIONARY HOUSING PAYMENTS

- 6.1 Appendix 2 shows that expenditure on the Social Sector Size Criteria up to 30 September 2019 was £1.076 million, exceeding the Scottish Government's projection by £0.044 million. The Scottish Government is committed to meeting the shortfall.
- 6.2 Expenditure on DHP for other purposes at 30 September 2019 was £93,000. New categories were introduced earlier this year to utilise an increased budget of £218,000, which includes £40,000 from the Council's own budgets. The qualifying threshold for excess income above essential expenditure is increased and more support is available for those in "exceptional circumstances" and renting in the private rented sector. To date, 15 applications have been approved in the new categories, projecting expenditure of £12,000. The new criteria will continue to be promoted throughout the Financial Inclusion Partnership.

7.0 SCOTTISH WELFARE FUND

- 7.1 Appendix 3 shows that expenditure on the Scottish Welfare Fund (SWF) in the 6 months to 30 September 2019 was £335,000 equalling the Scottish Government programme funding, the first time expenditure has not exceeded programme funding at this point since 2014. In addition to the Government funding the Council has allocated £100,000 from its own resources to meet any further demand. The table below compares expenditure in 2016, 2017, 2018 and 2019 showing Community Care Grant expenditure declining each year. Crisis Grants peaked in 2018 associated with the rapid expansion of Universal Credit but is now seeing a marked reduction although not to pre-UC levels.

Scottish Welfare Fund Expenditure:

<u>Year to date:</u>	30.9.16	30.9.17	30.9.18	30.9.19
Community Care Grants	£282,801	£272,859	£256,377	£231,648
Crisis Grants	£82,096	£131,156	£135,216	£103,141
Total	£364,897	£404,015	£391,593	£334,789

- 7.2 As part of its Brexit contingency planning the Scottish Government have allocated £7million nationally into a Rapid Poverty Mitigation Fund to meet expected increased demand for assistance. The basis of distribution is due to be agreed at the end of October and it is anticipated that the bulk of any funding will be channelled towards SWF Crisis Grants.
- 7.3 The Scottish Public Services Ombudsman (SPSO) records examples of good practice identified during their investigations at stage 2 of the Scottish Welfare Fund review process. Inverclyde has had four of the nine examples of positive feedback across all councils this year so far which SPSO acknowledge as excellent performance. Inverclyde's positive feedback was connected to the recording of SWF decisions.

8.0 EDUCATION BENEFITS

- 8.1 The Council agreed to expand the entitlement to free school meals (FSM) and the school clothing grant (SCG) to include those with net earnings of £915/month, an increase of £300 on the statutory earnings limit. The result of the increased earnings threshold is that by 30 September 2019, 309 additional families qualified. 464 additional pupils received a school clothing grant of £145 and 333 children in Primary 5 and above now have free school meals as a result of the enhanced policy.
- 8.2 The cost of the policy was estimated to be £100,000 when the 2019/20 Revenue Budget was approved. Demand is higher than expected and the latest projected annual cost is £130,000. The increased cost will be met from the Council's non-pay inflation contingency.
- 8.3 Since the date of the last report, Her Majesty's Revenue and Customs (HMRC) has acknowledged and sought clarity on an aspect of officers' request to reuse data received for Council Tax Reduction purposes to automate the payment of school clothing grants and remove the need for families to apply for free school meals. Ronnie Cowan MP offered support with this and has interceded with HMRC and anticipates a response in the coming weeks. DWP indicated agreement verbally to the reuse of DWP data. HMRC agreement is needed before automation can be introduced.
- 8.4 The Scottish Government asked COSLA to join their efforts to pursue a joint proposal to use DWP and HMRC data for welfare related purposes. Officers have been approached by COSLA and agreed to participate in the working group.

9.0 SOCIAL SECURITY SCOTLAND UPDATE

9.1 Young Carers Grant:-

Young Carer Grant (YCG) has been launch throughout September and October. The Grant is a new annual payment of £300 for young carers aged 16 to 18 who live in Scotland. It is a cash benefit which Young Carers can spend as they choose and they can apply if they are at school, in further education, employed or unemployed.

A young carer will also be eligible to receive a YCG where they care for someone who is also being cared for by someone in receipt of Carers Allowance.

9.2 Best Start Food payment:-

In August new applications were opened for Best Start Food payment which replaced the Government's Health Start Vouchers in Scotland. Best Start Foods provides low income families on certain benefits with £17.00 every four weeks during pregnancy and for every child under three to spend on a range of health foods. This payment increased to £34.00 for children under one. New applications can be made via a Freephone helpline 0800 182 2222.

9.3 Best Start Grant payment:-

Best Start Grant payment includes Pregnancy and Baby Payment, Early Learning Payment and School Age Payment. Inverclyde's total allocation was £252,600 with £107,100 spend for Pregnancy & Baby payment, £91,500 - Early Learning Payment and £54,000 - School Age payment.

9.4 Funeral Support payment:-

The Funeral Support Payment is a one off payment to help people on low income benefits with a contribution towards the cost of a funeral and replaces the Department for Work and Pension's Funeral Expenses Payment in Scotland. Some improvements, in comparison to the current payment, have been introduced. These include:

- introducing a new 'nearest relative' eligibility test, along with a more sensitive assessment to determine who is responsible for the funeral cost payments. This will widen eligibility for payment by around 40%, to help reach an estimated 5,000 people each year.
- A faster process for completed applications, once all the required evidence has been received.
- Annually reviewing and uprating the flat rate element to take account of inflation

Applications for the Funeral Support Payment are accepted from the date of death, up until six months after the funeral has taken place. This means that anyone who meets the eligibility for the Funeral Support Payment and has already paid for a funeral within the last 6 months will be able to apply retrospectively, as long as they have not already received a Funeral Expenses Payment from DWP.

9.5 Scottish Child Payment

The Scottish Government published its 'Programme for Government 2019/2020' on September 3rd. Among the measures announced is a commitment to bring forward the date for the introduction of the Scottish Child Payment (SCP) so that payments for children under six will start to be made by Christmas 2020. Previously the commitment was to introduce the SCP for all children under six by the end of the parliamentary term. The SCP will be available to all remaining eligible families with children under 16 by the end of 2022 as set out in the previously announced timetable.

9.6 Motability Scheme

The Scottish Government has set out its approach to establishing an equivalent service, in advance of delivering Disability Assistance, to the Motability Scheme currently available to claimants with a qualifying benefit such as the higher rate mobility component of Disability Living Allowance or enhanced rate mobility component of Personal Independence Payment. The scheme offers cars on lease, powered wheelchairs and mobility scooters. Many of the costs of adapting a car can be included. The new Scottish scheme will be designed to ensure that disabled people receive the same standards, range of choice and levels of service as with the current Motability Scheme. The Scottish scheme will be available to claimants in the summer of 2020 in line with the introduction of Disability Assistance for Children and Young People, the first devolved disability benefit.

10.0 ADVICE SERVICES UPDATE

10.1 Personal Independence Payment: Official Statistics to July 2019

DWP Quarterly statistics, released September 12th 2019, indicate only 15 per cent of Personal Independence Payment (PIP) mandatory reconsiderations lead to a change of award. In addition, and for the first time, DWP have included experimental statistics tracking initial decisions following a PIP assessment through to mandatory reconsideration or appeal,

covering the period April 2013 to March 2019.

HSCP Advice Service Welfare Rights Officers have provided representation at 132 PIP Tribunal hearings with a known outcome for the period January 1st 2019 – September 30th 2019. 25 (19 per cent) Tribunal hearings upheld the decision made by DWP and 107 (81 per cent) were revised in favour of the claimant, resulting in a financial PIP gain of £682,808.

10.2 Welfare Reform: Annual Report

The 2019 Annual Report on Welfare Reform was published by the Scottish Government on September 13th. The report focuses on the impact on Scotland of recent changes to the welfare system, and particularly on new evidence relating to the benefits freeze, universal credit work allowances and the two-child limit. The report estimates the changes will reduce welfare spending in Scotland by £500 million per year. The report notes, however, that these post 2015 welfare reforms represent a relatively small element of the larger suite of UK government cuts which have taken place over the last ten years, estimated to result in a £3.7 billion reduction in annual spend in 2020/2021.

10.3 Universal Credit – Severe Disability Premium

The Minister for Disabled People, Health and Work, Justin Tomlinson, has confirmed more than £37 million has been paid to claimants previously in receipt of a legacy benefit that contained a Severe Disability Premium (SDP) who experienced a cash loss on migration to Universal Credit. Responding to a written question in the House of Commons the Minister confirmed:

“As of 26 September 2019, over 13,800 claims have been paid a SDP transitional payment. HSCP Advice Service has provided assistance to universal credit claimants in Inverclyde who have received such transitional payments”.

10.4 Inverclyde HSCP Advice Services has now completed its audit for the Welfare Benefits and Money Advice Standard that are contained in the Scottish National Standards for Advice and Information Providers and officers are please to confirm that Advice Services have now been recommended for approval for the Welfare Benefit Advice and Money Advice Standards.

11.0 ANTI POVERTY FUND PROPOSALS

11.1 Through our monitoring and review processes officers have reviewed the provision from River Clyde Homes around UC support, one-to-one digital skills and budgeting advice via Future Skills. With Citizen Advice Scotland now being responsible for UC support it is officers recommendation that from April 2020 the digital skills training will be provided by the Community Learning & Development Team. This has been discussed with officers within RCH.

12.0 IMPLICATIONS

12.1 Finance

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	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
Education	Clothing Grants/ Free School Meals	2019/20	30		Funded from the Non-Pay Inflation contingency

12.2 **Legal**

There are no legal implications arising from this report.

12.3 **Human Resources**

There are no HR implications arising from this report.

12.4 **Equalities**

(a) Has an Equality Impact Assessment been carried out?

	YES (see attached appendix)
X	NO – This report does not introduce a new policy, function or strategy or recommend a substantive change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required

(b) Fairer Scotland Duty

If this report affects or proposes any major strategic decision:-

Has there been active consideration of how this report's recommendations reduce inequalities of outcome?

	YES – A written statement showing how this report's recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed.
X	NO

(c) Data Protection

Has a Data Protection Impact Assessment been carried out?

	YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.
X	NO

12.5 **Repopulation**

The Council's positive approach to the impact of Welfare Reform will assist with the Council's repopulation agenda.

13.0 **BACKGROUND PAPERS**

13.1 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
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	5768	34%	2800	198
Feb-19	5597	29%	2823	151
Mar-19	5611	28%	2969	148
Apr-19	5680	28%	3098	142
May-19	5707	28%	3155	153
Jun-19	5749	27%	3134	130
Jul-19	5888	28%	3206	134
Aug-19	6021	25%	3316	169

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 30.09.19

<u>1/ SSSC (Bedroom Tax)</u>		
Applications Approved	1483	91.54%
Applications Not Eligible/Refused	104	6.42%
Applications Being Assessed	33	2.04%
	<u>1620</u>	
	<u>£</u>	
Paid to Date	1076224	Note 1
2019/20 Budget	<u>1031380</u>	Note 2
(Under)/Overspend	<u>44844</u>	
<u>2/ Other DHP Cases</u>		
	<u>£</u>	
2019/20 Budget	218355	
less : Payments to 30/09/19	<u>93333</u>	Note 3
(Under)/Overspend	<u>(125022)</u>	

Notes

- 1/ Represents 99.31% of those households known to be affected by SSSC.
- 2/ Estimate of liability; Scottish Government will meet expenditure in full.
- 3/ Includes £12k Benefit Cap
- 4/ Budget includes £40k from the Council's budgets.

Finance Services
30/09/2019

Scottish Welfare Fund
30th September 2019

Calls Answered	5477		
Applications	3094		
Applications Granted	1649	53.30%	
Applications Refused	760	24.56%	Note 3
Applications Withdrawn	626	20.23%	
In Progress	59	1.91%	
Referrals to DWP	87		Note 2
	<u>Spend</u>	<u>Budget</u>	<u>Spend</u>
	<u>£000</u>	<u>£000</u>	<u>%</u>
Crisis Grant paid (1179)	103	264	39.02%
Community Care Grants paid (513) (includes 44 applications paying both CCG & CG)	232	507	45.76%
	<hr/>	<hr/>	
	335	771	43.45%

Note 1 1st Tier Reviews awaiting decision = 1
 1st Tier Review decisions = 38 (1.58%)
 1st Tier Reviews upheld in customer favour = 23 (60.53%)
 2nd Tier Reviews = 5 (as % of 1st tier decisions: (13.16%)
 2nd Tier Reviews upheld in customers favour by SPSO = 1 (25.00%) Note 5
 1 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 low income 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 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.