
Report To:	Policy & Resources Committee	Date:	17 November 2020
Report By:	Chief Financial Officer	Report No:	FIN/96/20/AP/LA
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 the Committee with an update on recent developments regarding Welfare Reform.

2.0 SUMMARY

- 2.1 The DWP's latest published UC caseload data reports that 8,979 people in Inverclyde claim Universal Credit. This is a 39% increase since March, 2020. Easements were introduced in response to the immediate surge of new Universal Credit claims in the first few months of Covid restrictions. A review of these claims is underway which will involve people agreeing claimant commitments with their work coach.
- 2.2 The projected under-spend of £107k of the DHP budget at 30 September 2020 is shown in Appendix 2. In addition there is a further £50k expected as part of a share of an additional £3m Scottish Government allocation and this will support those still to apply. Appendix 3 shows expenditure through the Scottish Welfare Fund of £410k by 30 September 2020 which is 33% of the annual allocation. The expansion of the scheme agreed in August 2020 to meet not only high priority cases but also medium priority has contributed to 54 more applicants being helped during August and September compared with the same period last year with an additional £62k grants being paid.
- 2.3 The Scottish Government has committed to providing a grant of £500 to people required to self-isolate to prevent the spread of COVID-19 who are not able to work from home and where their employer does not cover their normal earnings and are in receipt of certain benefits. Uptake during the first 2 weeks since its launch was low, reflecting the relatively low prevalence of the disease in Inverclyde and the fact that most requiring to self-isolate do not qualify or require the grant.
- 2.4 The last meeting of the Committee asked for the Council Leader to write to Therese Coffey MP regarding claimant conditionality and the need for sensitivity when considering applying conditionality. The letter sent and response are attached as Appendix 4. In addition a letter regarding the end of furlough was sent as requested by the Committee (Appendix 5). To date no reply has been received.
- 2.5 The Scottish Child Payment will open for applications in November 2020, with first payments being made from the end of February 2021. Low-income families with a child under six will be able to apply for £10 per child, per week. Applications can be made online, by phone or post. In addition offices are looking into promoting the scheme via the annual Council Tax billing communication.

2.6 The Child Winter Heating Assistance is a new £200 annual lump sum payment designed to support with winter fuel costs for children and young people up to the age of 18 who are in receipt of the highest rate care component of Disability Living Allowance. Payment is automatic and will be paid to the same bank account as the child or young person's DLA. Those who are entitled will receive notification of the award by 15 December 2020.

3.0 RECOMMENDATIONS

3.1 It is recommended that the Committee notes the updates contained in the report.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 The UK Government Welfare Reforms have been progressing for many years and the impact on the Council and community are the subject of reports to each Policy & Resources Committee.
- 4.2 The Scottish Government launched Social Security Scotland (SSSA) in 2016 and updates on developments are also included in the report.
- 4.3 The Council has an Anti-Poverty Fund earmarked reserve which is overseen by the Committee. Decisions in respect of that Fund are generally included in this report.

5.0 UNIVERSAL CREDIT

- 5.1 The DWP's latest published UC caseload data reports that 8,979 people in Inverclyde claim Universal Credit. This is a 39% increase since March, 2020. Appendix 1 shows that 33% had earnings included in the assessment of their entitlement; these earnings may be the final wage or salary received before the individual is made unemployed. More detailed data published by DWP shows that 27% of UC claimants are currently employed; 33% are searching for work, 29% are not required to find work with the remainder preparing or planning to be able to find work.
- 5.2 Easements were introduced in response to the immediate surge of new Universal Credit claims in the first few months of Covid restrictions. A review of these claims is underway which will involve people agreeing claimant commitments with their work coach. Uncertainty beyond furlough is, not unexpectedly a challenging prospect for people who have not until now claimed benefits and local DWP officers have reassured officers from the Council that appropriate support is provided. Furthermore, a sensitive approach is taken to applying claim conditionality rules and officers are informed that no-one was referred for consideration of sanctions to be applied during Covid restrictions.
- 5.3 DWP launched Kickstart, Grant Funding and Community Funding schemes which have been widely promoted with local employers to encourage and support new employment opportunities. The Greenock Jobcentre Plus office will from the end of November operate extended hours. The office will open on Saturdays as well as being available for longer each day to respond to customers digitally and by phone. 10 new work coaches are being recruited to be based there.
- 5.4 The number of households who receive help with their Council Tax through the Council Tax Reduction scheme continues to increase and now stands at 9,527. The end of the furlough scheme and the less generous replacement is expected to result in more people needing this financial support and so services are prepared and ready to handle enquiries and applications. The Council has received £290k extra funding which represents a significant contribution towards the costs of the increased take up.

6.0 DISCRETIONARY HOUSING PAYMENTS/SCOTTISH WELFARE FUND

- 6.1 The adjustment to the DHP policy agreed in August 2020 supporting those renting in the private sector affected financially by the impact of Covid-19 has resulted in 9 successful applications with payment totalling £10k. Direct promotion commenced in October with those whose Council Tax Reduction records indicate they may qualify. The projected under-spend of £107k of the DHP budget at 30 September 2020 is shown in Appendix 2. In addition there is a further £50k expected as part of a share of an additional £3m Scottish Government allocation and this will support those still to apply. Close monitoring of applications and expenditure will continue.

- 6.2 Appendix 3 shows expenditure through the Scottish Welfare Fund of £410k by 30 September 2020 which is 33% of the annual allocation. The expansion of the scheme agreed in August 2020 to meet not only high priority cases but also medium priority has contributed to 54 more applicants being helped during August and September compared with the same period last year with an additional £62k grants being paid. Officers project that the budget will be sufficient to meet demand during the remainder of the year with any surplus being carried forward to 2021/22. Scottish Welfare Fund continues to be promoted through social media and the Financial Inclusion Partnership to raise awareness with those who need this financial support.
- 6.3 The Scottish Government has committed to providing a grant of £500 to people required to self-isolate to prevent the spread of COVID-19 who are not able to work from home and where their employer does not cover their normal earnings and are in receipt of certain benefits. The grant is designed to provide the financial support they need to meet their basic needs during the 14 day period in which they are unable to work. The Scottish Welfare Fund is the administrative channel and arrangements are in place with Public Health and Advice Services to direct people to the grant. The target timescale for a decision is by the end of next working day of the application and applicants who meet the eligibility criteria will receive the award of £500 paid by BACS. Uptake during the first 2 weeks since its launch was low, reflecting the relatively low prevalence of the disease in Inverclyde and the fact that most requiring to self-isolate do not qualify or require the grant. Officers have fed back initial findings to the Scottish Government including discrete circumstances where the criteria does not provide assistance to those who would otherwise benefit.

7.0 MONEY ADVICE

- 7.1 On 24 September the Chancellor Rishi Sunak unveiled his 'Winter Economy Plan', including details of a Job Support Scheme (JSS) to succeed the Coronavirus Job Retention Scheme as from 1 November 2020. This new scheme will cover a proportion of wage costs where employees are working reduced hours, with a worked minimum of 33 per cent of normal hours. The Government further announced on 9 October 2020 that the JSS will be expanded to pay two-thirds of employee salaries in order to support businesses when required to close their premises as a result of coronavirus lockdown restrictions. A further improvement to the offer was announced on 22 October. The findings from a report, however, produced by the Institute for Public Policy Research, 'The Narrow Corridor', published on 10 October 2020, is that approximately only ten per cent of the 2M viable jobs at risk this winter due to the impact of coronavirus are likely to be saved as a result of the introduction of the JSS.
- 7.2 It should be noted the 24 September statement did not include any changes to social security, or extension of any social security measures the Government introduced in response to the coronavirus crisis. This includes increases to the level of some benefits – claimants of Universal Credit and Working Tax Credit now receiving £20 a week more. This increase is scheduled to expire in April 2021. The Treasury Committee in their report, 'Economic Impact of Coronavirus: The Challenges of Recovery', 11 September 2020, suggested:

“The Government has raised Universal Credit and made it easier to access. However these changes are time-limited for a year. The Government should consider extending the measures increasing the generosity and accessibility of Universal Credit put in place in March 2020.”

- 7.3 The Resolution Foundation in their response dated 25 September 2020, 'The Winter (Economic Plan) Is Coming', to the statement of 24 September 2020, noted:

“As well as the likely rise in unemployment this winter hitting living standards, there is a risk of a further blow in the spring, because on current plans, policy is still set to change from supporting incomes to cutting them. In the early months of the crisis, changes in benefit policy – not least a very welcome £20 a week boost to Tax Credits and UC – meant that the incomes of the poorest were relatively well protected. But this boost is currently only intended to go up to March 2021”.

- 7.4 The last meeting of the Committee asked for the Council Leader to write to Therese Coffey MP regarding claimant conditionality and the need for sensitivity when considering applying conditionality. The letter sent and response are attached as Appendix 4.
- 7.5 With the reintroduction of conditionality Advice Service will look to resume the process of contacting DWP with requests to switch off working seeking requirements for vulnerable clients as a matter of course and look to challenge all DWP sanction decisions where appropriate.
- 7.6 In addition a letter regarding the end of furlough was sent as requested by the Committee (Appendix 5). To date no reply has been received.

8.0 SSSA

- 8.1 The Scottish Child Payment will open for applications in November 2020, with first payments being made from the end of February 2021. Low-income families with a child under six will be able to apply for £10 per child, per week. The payment is for low income families already in receipt of qualifying benefits. The qualifying criteria is wide and there are no limits on the number of eligible children. The Scottish Government remain committed to rolling out this benefit to families with children under 16 years of age by the end of 2022. Engagement has begun with services who work with and support families who may be entitled to claim Scottish Child Payment to prepare them for the application process before it opens. Applications can be made online, by phone or post. In addition offices are looking into promoting the scheme via the annual Council Tax billing communication.
- 8.2 The Child Winter Heating Assistance is a new £200 annual lump sum payment designed to support with winter fuel costs for children and young people up to the age of 18 who are in receipt of the highest rate care component of Disability Living Allowance. Children and young people must have met the qualifying criteria during week beginning Monday 21 September to be eligible. Payment is automatic and will be paid to the same bank account as the child or young person's DLA. Those who are entitled will receive notification of the award by 15 December 2020.

9.0 IMPLICATIONS

9.1 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	Virement From (If Applicable)	Other Comments
N/A					

9.2 Legal

There are no legal implications arising from this report.

9.3 Human Resources

There are no HR implications arising from this report.

9.4 Equalities

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

9.5 Repopulation

Supporting communities and individuals through initiatives and advice will assist retain people within Inverclyde.

10.0 CONSULTATIONS

10.1 No consultations were required.

11.0 BACKGROUND PAPERS

11.1 None

Appendix 1

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
Sep-19	6039	29%	3441	131
Oct-19	n/a	n/a	3491	145
Nov-19	6154	29%	3438	128
Dec-19	6188	29%	3464	142
Jan-20	6179	28%	3456	208
Feb-20	6392	28%	3491	175
Mar-20	6455	27%	3553	263
Apr-20	7829	30%	3748	300
May-20	8492	30%	3748	162
Jun-20	8685	31%	3978	167
Jul-20	8863	32%	4015	129
Aug-20	8979	33%	4028	145

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 30.09.20

<u>1/ SSSC (Bedroom Tax)</u>		
Applications Approved	1541	93.45%
Applications Not Eligible/Refused	83	5.03%
Applications Being Assessed	25	1.52%
	<u>1649</u>	
	<u>£</u>	
Paid to Date	1158031	Note 1
2020/21 Budget	1168167	Note 2
(Under)/Overspend	<u>(10136)</u>	
<u>2/ Other DHP Cases</u>		
	<u>£</u>	
2020/21 Budget	247695	Note 3
less : Payments to 30/09/20	140057	
(Under)/Overspend	<u>(107638)</u>	Note 4

Notes

- 1/ Represents 99.29% of those households known to be affected by SSSC.
- 2/ Estimate of liability; Scottish Government will meet expenditure in full.
- 3/ Includes £72k Covid-19 allocation and £20k Anti-Poverty funding
- 4/ Any underspend will be used to fund the SSSC payments and cannot be carried forward.

Finance Services
21/10/2020

Scottish Welfare Fund
30th September 2020

Calls Answered	5727		
Applications	2862		
Applications Granted	1918	67.02%	
Applications Refused	406	14.19%	Note 3
Applications Withdrawn	474	16.56%	
In Progress	64	2.23%	
Referrals to DWP	121		Note 2
	<u>Spend</u>	<u>Budget</u>	<u>Spend</u>
	<u>£000</u>	<u>£000</u>	<u>%</u>
Crisis Grant paid (1434)	145	614	23.62%
Community Care Grants paid (528) (includes 43 applications paying both CCG & CG)	265	614	43.16%
	<u>410</u>	<u>1228</u>	33.39%

Note 1 1st Tier Reviews awaiting decision = 1
 1st Tier Review decisions = 28 (1.20%)
 1st Tier Reviews upheld in customer favour = 20 (71.43%)
 2nd Tier Reviews = 0 (as % of 1st tier decisions: (0%))
 2nd Tier Reviews upheld in customers favour by SPSO = 0 (0%)

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 £1,228,658 of which £447,000 is Covid-19 funding and £60k Welfare Reform recurring budget

Councillor Stephen McCabe
Ward 1 – Inverclyde East
Municipal Buildings
Greenock
PA15 1LX

Inverclyde
council

Leader of the Council

Rt. Honourable Therese Coffey MP
Ministerial Correspondence Team
Caxton House
Tothill Street
LONDON
SW1H 9NA

Direct Line: 01475 712727
Email: stephen.mccabe@inverclyde.gov.uk
Our Ref: SMCc/sc
Your Ref:
Date: 18 September 2020

Dear Secretary of State

Universal Credit – Reintroduction of Claimant Conditionality

It goes without saying that the country, as a whole, has faced unprecedented challenges as a result of the Covid pandemic and firstly I would wish to acknowledge the significant sums of money invested by the Government in schemes to maintain people in employment, support businesses and to relax some of the criteria around Welfare Support.

In addition, I recognise that all these forms of support cannot be sustained indefinitely and that difficult decisions will have to be made regarding the way in which these very large sums of money are managed back and the UK budget moves towards a more sustainable footing in the longer term.

I am, however, writing to you on behalf of Inverclyde Council regarding the specific issue of the reintroduction of Universal Credit claimant conditionality. There is concern within the Council that unless the application of conditionality is applied in a sensitive and fair manner, which recognises the very real difficulties that individuals face, those who we would identify as amongst the most vulnerable in our society will be the ones most affected.

Not only has the availability of jobs been significantly reduced at a time when those looking for work has significantly increased but there are also many individuals who have quite rightly been identified as being vulnerable during the Covid pandemic who will find it difficult to return to the use of public transport and attending face to face meetings. These understandable anxieties that many of the population face should not be a reason for reduction or freezing of benefits.

Therefore, I would seek your assurances that appropriate guidance, training and communication are in place to ensure the continuation and protection of the most vulnerable continues whilst the country recovers from this unprecedented situation.

Yours sincerely

Stephen McCabe
Leader of Inverclyde Council

c.c. Aubrey Fawcett, Chief Executive
Alan Puckrin, Chief Financial Officer





Department
for Work &
Pensions

Ministerial
Correspondence
Caxton House
Tothill Street
LONDON
SW1H 9DA

0207 340 4000

www.gov.uk

ministers@dwp.gov.uk

Your ref: SMcC/sc

Councillor Stephen McCabe
Inverclyde Council
stephen.mccabe@inverclyde.gov.uk

Our ref: MC2020/57457

19 October 2020

Dear Councillor McCabe

Thank you for your letter of 18 September to the Secretary of State about the reintroduction of claimant conditionality. I am replying to you as the Minister for Employment.

Thank you for taking the time to write in raising this issue. I write to you with the latest update and I hope you will find the following comments to be helpful.

As you know, with the outbreak of coronavirus, we took the decision to temporarily suspend the requirement for face-to-face Jobcentre Plus appointments for all claimants in Universal Credit, New Style Jobseeker's Allowance (JSA) and Employment and Support Allowance (ESA), old-style JSA and ESA, and Income Support (IS). Claimants continued to receive benefits as normal and were not sanctioned for not taking part in appointments with Jobcentres.

Claimants were not expected to contact Jobcentre Plus about their commitments whilst this temporary measure was in place, unless they were reporting a change of circumstances or they required support. These measures were intended to be temporary and initially for a three-month period from 30 March and this was for review by 29 June 2020.

The review has now taken place and in line with other Government decisions to ease lockdown measures, it has been agreed that a return to conditionality and expectations of work availability and work-related activity for those who are able and expected to look for and prepare for work is appropriate. As the control and effects of the virus are constantly developing, we will continue to keep the policy changes and their effects under review.

From 30 June, we reinstated conditionality for all claimants. There is a general expectation of claimants returning to appropriate work-related requirements depending on their regime, this may include appropriate work preparation and work-focused interviews.

From 1 July, we reintroduced the requirement for claimants of Universal Credit, and New Style and legacy JSA to accept a Claimant Commitment as part of any new claim and for existing claimants to have an updated one in place. We are managing this in a phased approach to ensure that our Work Coaches can deliver an effective service in a reasonable, measured and safe way.

Once a claimant's new or updated Claimant Commitment is in place, and work-related requirements agreed and accepted, they can again receive a sanction if they fail to meet those requirements without good reason. Work Coaches will work to ensure that commitments made by claimants are tailored and include easements where appropriate, allowing them to continue to adhere to continuing local and national public health advice in regard to coronavirus whilst also doing what they can to engage with the labour market.

It may help if I explain that conditionality has been a feature of benefit entitlement in the UK since the formation of the welfare state. Claimants on work-related benefits are generally expected to undertake certain activities in return for financial support through the benefit system. These activities or requirements help the claimant prepare for, look for and move into work. Sanctions reinforce conditionality by encouraging the claimant to comply with these requirements and are only applied when a claimant fails to do so without good reason.

All conditionality requirements are tailored to the claimant's circumstances so they are reasonable and achievable for the claimant, and are agreed between the claimant and their Work Coach. Those who are in certain circumstances where it is temporarily unreasonable to expect them to meet these requirements can have an easement applied to their claim, for example, if the claimant is sick or is homeless.

Sanctions are only ever used where a claimant has failed to meet one of their requirements without good reason. The Decision Maker will take into account all the claimant's individual circumstances, the external situation, and any evidence of good reason they have provided, before deciding whether a sanction is warranted. Claimants have the right to a Mandatory Reconsideration and appeal should they wish to dispute the decision. Where a sanction is applied, this is calculated with reference to the standard allowance element of Universal Credit. Any other elements the claimant is entitled to, such as help with housing costs, will continue to be in payment throughout the duration of the sanction.

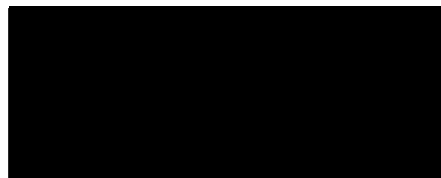
Those who are sanctioned may also apply for hardship payments to ensure they can cover their essential needs.

As you may know, Find a Job is the Government's official job matching service with more than 1.7 million people already registered on the site. It is one of the most consistently used online services on the Government website at www.gov.uk. More than 145,000 private and public sector employers large and small have already signed up, and the service is open to employers and recruitment agencies who recruit on their behalf.

By ensuring we advertise all urgent vacancies on one government-owned service, we shall be able to better direct jobseekers and those who have been furloughed and looking for temporary employment to available vacancies. The Department has also taken immediate action to put in place various digital and communications tools to support jobseekers and those who are furloughed and looking for temporary employment.

We have been promoting Find a Job (www.gov.uk/find-a-job) as the central place for employers to post their vacancies, and as the main channel to match people with vacancies. However, we also recognise that some jobseekers and employers will need additional information to align new and existing skills with current labour market requirements and have therefore launched two new websites: Job Help (<https://jobhelp.campaign.gov.uk>) and Employer Help (<https://employerhelp.dwp.gov.uk>) on 27 April.

These websites promote a range of guidance and advice, including support on identifying transferrable skills. They also promote other gov.uk provision such as the National Careers Service and the new Department for Education online skills training initiative, the Skills Toolkit, which launched on 28 April.



Mims Davies MP

Minister for Employment

Councillor Stephen McCabe
Ward 1 – Inverclyde East
Municipal Buildings
Greenock
PA15 1LX

Inverclyde
council

Leader of the Council

Rt. Hon Rishi Sunak MP
House of Commons
LONDON
SW1A 0AA

Direct Line: 01475 712727
Email: stephen.mccabe@inverclyde.gov.uk
Our Ref: SMCC/sc
Your Ref:
Date: 24 September 2020

Dear Mr. Sunak

UK Government Furlough Scheme

I appreciate that there has been extensive lobbying for an extension to the Furlough Scheme.

At our Council Policy & Resources Committee meeting on 15 September 2020, Elected Members were unanimous in supporting Inverclyde Council's voice to be added to the request for a Furlough Scheme extension. We believe the Furlough Scheme is essential to avoid a significant increase in unemployment with all its implications after the end of October 2020. This is a view also held by a business sector recovery group which advises the Council on economic recovery as we emerge from Covid. We do appreciate that an extended scheme may be more focused at specific sectors in comparison with the current blanket scheme.

I hope you will give this consideration.

Yours sincerely



Stephen McCabe
Leader of Inverclyde Council

