
Report To:	Policy & Resources Committee	Date:	25 March 2014
Report By:	Acting Corporate Director Environment, Regeneration & Resources	Report No:	2014/P&R/05/AP
Contact Officer:	Alan Puckrin	Contact No:	712764
Subject:	Welfare Reforms Update		

1.0 PURPOSE

- 1.1 The purpose of this report is to update Committee in respect of the Council's response to Welfare Reform changes and to seek Committee approval for a revised Discretionary Housing Payments Policy to come into effect from 1st April 2014.

2.0 SUMMARY

- 2.1 The Scottish Welfare Fund Team continues to receive approximately 200 calls and approximately 80 applications per week. The position as at 21st February 2014 is outlined in Appendix 1 and shows that payments of £468,000 have been made against a budget of £732,000.
- 2.2 The latest position in respect of 2013/14 Discretionary Housing Payments made in relation to the Social Sector Size Criteria Policy is shown in Appendix 2. Officers continue to closely monitor spend to ensure that the Council fully utilises the allocation for 2013/14.
- 2.3 As previously reported, the Council's ceiling for Discretionary Housing Payments is due to increase in 2014/15 by £83,000 to £526,000. In light of this, a revised Policy is attached as Appendix 3. The main change from the current policy is to increase the financial hardship threshold for excess income over expenditure from £40 per week to £60 per week.
- 2.4 The Council is awaiting confirmation from the Government as to how much it will receive of the £35million of Welfare Reform Funding announced by the Scottish Government on 5th February. Once confirmed, Officers will be able to advise how much further funding is required by the Council to ensure that the Council spends up to the DHP ceiling of £526,000 in 2014/15.
- 2.5 One issue which is apparent from the Government announcement regarding the £35million of DHP support is the perception in the community that the Social Sector Size Criteria Policy no longer exists and as such the non-benefits funded rental charge does not have to be paid. This is leading to confusion amongst individuals whose applications for DHP are being rejected due to the Council's requirement to stay within the limits set by the DWP. The Committee is asked to note that Officers estimate that in 2014/15 there is a funding gap of approximately £278,000 between the maximum amount of funding allowed to be spent by the Council and the impact of the Social Sector Size Criteria on households within Inverclyde.
- 2.6 David Mundell MP visited the Council on 27th February 2014 as part of a programme of visits to all Scottish Councils to receive an update in respect of the impacts of Welfare Reforms. Officers made a presentation to Mr Mundell (Appendix 4) and thereafter the Council Leader stressed to Mr Mundell the need to remove some of the legislation in relation to Welfare Reforms and to provide greater levels of funding and autonomy to Councils.

Policy & Resources Committee – 25 March 2014

Welfare Reforms Update – Amended Recommendations

- 3.1 It is recommended that the Committee note the contents of this welfare reforms update.
- 3.2 It is recommended that the Committee approve the amended Discretionary Housing Payments Policy and, in particular, that Disability Living Allowance is to be disregarded when assessing an applicant's income.
- 3.3 It is recommended that the Committee agree that in order to maximise discretionary housing payments in 2013/2014 that the financial hardship limit be increased from £40.00 to £60.00 per week.
- 3.4 It is recommended that the Committee record its concern at the notification of the increase in the 2013/2014 discretionary housing payments ceiling and that a letter be sent from the Council Leader to David Mundell MP raising concerns and highlighting the implications for those impacted by the "bedroom tax".

4.0 BACKGROUND

- 4.1 The Committee has received regular reports on the impact of the implementation of the Welfare Reform agenda within Inverclyde. Approvals have been given for policies for the Scottish Welfare Fund and the application of Discretionary Housing Payments in relation to the Social Sector Size Criteria.
- 4.2 At the last meeting of the Policy & Resources Committee, the Committee were advised that a revised Policy in respect of Discretionary Housing Payments would be presented to this Committee for approval.

5.0 SCOTTISH WELFARE FUND

- 5.1 The Scottish Welfare Fund position is outlined in Appendix 1 of the report and shows that as at 21st February 2014, payments of £468,000 had been made against a budget of £732,000. In addition, there are currently 87 applications awaiting to be processed.
- 5.2 This spend equates to approximately 64% of the annual budget and as previously advised any underspend will be carried forward into 2014/15. Committee is asked to note, however, that at present weekly spend levels are in line or even slightly in excess of the budget profile.
- 5.3 The Scottish Welfare Fund team receives approximately 200 calls per week and approximately 80 applications per week. A significant number of calls result in referral to the DWP for short-term benefit advances. One matter which is leading to increased activity relates to DWP Sanctions where benefits are reduced leading to applicants approaching the SWF.

6.0 DISCRETIONARY HOUSING PAYMENTS

- 6.1 Appendix 2 outlines the latest position in respect of the 2013/14 Discretionary Housing Payments which are made in relation to the Social Sector Size Criteria Policy.
- 6.2 It can be seen that Officers are projecting that the Council will spend to its DHP ceiling by 31st March 2014. Committee is asked to note that this is a complicated process as the Council cannot exceed its allocation and all payments require to be made by 31st March. Officers are currently examining the extent to which backdated payments can be made for late applications without exceeding the DWP limit.
- 6.3 As advised at the last Committee, the Council has been advised of an £83,000 increase in its ceiling for DHP in 2014/15. This has afforded the opportunity to review the DHP Policy and the proposed Policy for 2014/15 is attached as Appendix 3.
- 6.4 The most significant change is in relation to the extent to which financial hardship can be taken into account when considering awards. During 2013/14, the Financial Hardship Limit was £40 per week excess of income over expenditure and this can be increased to £60 per week in 2014/15.
- 6.5 In addition, it is proposed for those households with 2 surplus bedrooms that the financial threshold be increased by a further £10 per week to £70.
- 6.6 As was the case in 2013/14, Officers will monitor the situation on a weekly basis and report to Committee each cycle during 2014/15. If required, proposals will be put before Committee to amend the Policy to ensure that the full sum is utilised.

7.0 SCOTTISH GOVERNMENT FUNDING

- 7.1 On 5th February, the Scottish Government announced a further £15million on top of the

£20million previously announced to assist in the funding of Discretionary Housing Payments. At the time of writing the report, the Council has not received details of its allocation and whether this will be sufficient to fully fund the difference between the DWP award of £211,000 and the financial ceiling of £526,000.

- 7.2 The announcement of the £35million funding was portrayed in the media that this had effectively put an end to the Social Sector Size Criteria Policy and this has caused some confusion within the local community. Committee is asked to note that, as things stand, the Council cannot spend more than £526,000 in 2014/15 on Discretionary Housing Payments. Based on the most recent figures, it is anticipated that the impact of the Social Sector Size Criteria costs local households approximately £804,000 and as such it can be seen that there is a £278,000 shortfall between the amount the Council is allowed to spend and the impact.
- 7.3 Unless there is a change in the legislation then the Council cannot meet this difference via DHP. Officers will however continue to examine options to address this issue.
- 7.4 The Scottish Government has formally approached the Department for Work & Pensions to request that Social Size Criteria Policy be devolved to the Scottish Parliament but Officers are unaware of any progress in this regard.

8.0 OTHER MATTERS

- 8.1 On 27th February, David Mundell MP visited Inverclyde Council as part of his programme of visits to all local authorities to receive updates in respect of the first year of Welfare Reform. The meeting took the form of a presentation from Officers and thereafter a discussion on the impacts of Welfare Reform within Inverclyde, in particular the Social Sector Size Criteria, DWP Sanctions, delays in processing appeals and the difficulties this was causing for families. In addition concerns were raised over the further announced reductions in Welfare Funding.
- 8.2 A copy of the presentation given to Mr Mundell is attached as Appendix 4.

9.0 IMPLICATIONS

Finance

9.1 Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
Finance	DHP	2014/15	526		£211,000 funded by the DWP

Annually Recurring Costs/ (Savings)

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

Legal

- 9.2 There are no direct Legal implications arising from the contents of this report.

Human Resources

9.3 There are no HR implications arising from the contents of this report.

Equalities

9.4 The proposed DHP Policy has been equality impact assessed by Officers from within Finance and the Equalities Officer. Whilst strong concerns have been raised at a UK level regarding the equalities impact of the Social Size Criteria Policy, the proposals contained in Appendix 3 do not further exacerbate the impact of this Policy on identified groups.

Repopulation

9.5 A robust and sympathetic response to the impacts of Welfare Reform on the community will help stabilise the population.

10.0 BACKGROUND PAPERS

10.1 None.

Scottish Welfare Fund
21/2/2014

Calls Answered	9463		
Applications	2809		
Applications Granted	1766	63%	
Applications Refused	865	31%	Note 3
Applications Withdrawn	91	3%	
In Progress	87	3%	
Referrals to DWP	836		Note 2
		<u>Budget</u>	<u>Spend</u>
		<u>£000</u>	<u>%</u>
Crisis Grant paid (1059) =	£96.3k	158	60.9%
Community Care Grants (735) =	£372.3k	574	64.9%
	<hr/>	<hr/>	
	£468.6k	732	64.0%

Note 1 1st Tier Reviews = 91 (3%)
 1st Tier Reviews Upheld = 35 (38%)
 2nd Tier Review = 6
 2nd Tier Reviews Upheld = 1 (17%)
 Reasons for upholding 1st Tier Reviews were – 80% : Provision of additional information by the claimant / change of circumstances
 - 20% : Interpretation of guidance / circumstances

Note 2 Referrals to DWP relates to customers who are awaiting payment of a new claim for JSA / ESA from DWP. In these circumstances a Short Term Benefit Advance (STBA) can be paid by 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.

Discretionary Housing Payments			
31/12/2013			
Applications Received	1470		
Applications Approved*	919	(63.5%)	
Applications Refused	478	(32.5%)	Largely due to exceeding the financial threshold ineligibility
Awaiting Supporting Evidence	20	(1.5%)	
To be Started	36	(2.5%)	
*583 (63%) of those approved relate to financial pressure			
	<u>£000</u>		
Paid to date	296		Paid to Landlords a month in arrears
Commitments	44		Assumes existing claims run their course
New/Replacement Claims	7		Estimate based on year to date experience
Backdating	103		Will be monitored to keep within overall budget
DHP Loophole	<u>(10)</u>		To be recovered from RSLs
Projected Spend	440		
Available Budget	443		
	Budget Remaining	3	
Reviews requested = 82			
Reviews Upheld – 34 (41%)			(47% due to revised financial information received 53% due to other new information received)

APPENDIX 3

	Circumstances	Maximum Duration of Award/ Award to be reviewed	Amount of DHP (up to stated % of shortfall between HB and rent charge)	Examples of Supporting Evidence
1	Property significantly adapted to meet the needs of the tenant or a member of their household	Until the end of the tenancy	100%	Statement confirming property's adaptations from RSL and confirmation of health needs. Significant adaptations – subject to approval.
1	Foster carer (requiring more than one additional bedroom)	Until the end of the foster care arrangement with CHCP	100%	CHCP records
1	Kinship Care arrangement	Until the end of the kinship care arrangement	100%	HB records in consultation with CHCP
1	Children leaving care (LAC) and other vulnerable adults at risk	Up to the end of LAC status 12 months (adults)	100%	CHCP
1	Parent – requires additional bedroom for access to child	Until end of financial year	100%	Support provider/ RSL statement
2	End of Life Care	12 months after date of death	100%	Customer statement & HB records
2	Carer – lives close to person for whom care is provided	Until end of financial year	100%	Carer's Allowance records
2	Employed with caring responsibilities - tenant lives close to person for whom care is provided/ available childcare	Until end of financial year	100%	Claimant statement & HB records

APPENDIX 3

3	Tenant/ partner within 6 months of reaching Pension Age	Until tenant/ partner reaches pension age	75% (Was 100%)	HB records
3	Households requiring additional bedroom for medical reasons	Review depending on nature of illness	75% (Was 100%)	Statement confirming circumstances from RSL
3	Health conditions - tenant benefits from local support network/ CHCP	Review depending on nature of illness	75% (Was 100%)	Support provider statement
3	Tenant victim of harassment at previous property (and tenant is protected under the Equalities Act - eg. disability, sexual orientation, ethnicity)	Until end of financial year	75% (Was 100%)	Police report
3	Private rented sector tenant not in category 1 or 2 - LHA rate applicable to applicant's household needs	Until end of financial year	75% (Was 100%)	HB records
3	Service widows and ex-service personnel (including non-dependents)	Until end of financial year	75% (Was 100%)	Self declaration, HB records
3	Benefit Cap	Until end of financial year	50% (Was 100%)	HB records
4	Financial Hardship – Less than £60 income over expenditure each week (Was £40)	Until end of financial year	75% (Was 100%)	Claimant statement/HB Assessment

Notes

- DHP is awarded in order of priority with applications meeting the criteria for Category 1 being the first priority to Category 4 being the lowest priority
- Applicants in categories 1 - 3 are not subject to a financial assessment provided they are in receipt of Housing Benefit
- Categories 1 & 2 – DHP will meet 100% of the shortfall
- **Category 3 – DHP will meet 75% of the shortfall with the exception of Benefit Cap – DHP will meet 50% of the shortfall**
- **Disability Living Allowance is disregarded as income although all other income is taken into consideration in the financial hardship test**
- Applicants who do not fit into any of the priority groups 1-3 can apply under category 4 – financial assessment is applied and approved where income is less than £60 more than essential expenditure (Previously £40).

APPENDIX 4

Welfare Reforms
Impacts within Inverclyde

Presentation to
Rt Hon David Mundell

27th February 2014

Agenda

1. Overview
2. Social Sector Size Criteria
3. Scottish Welfare Fund
4. Non-quantifiable Impacts on Community
5. Mitigation
6. Council's Response

Overview of Welfare Reform Changes

- a) Council Tax Reduction - April 2013
- b) Scottish Welfare Fund - Legislative process for permanent scheme progressing
- c) Social Sector Size Criteria - DHP top-up funding
- Loophole
- d) Benefit Cap - Incremental implementation since July 2013
- e) Personal Independence Payments - Started 2013 for new applications
- Current awards to be reviewed from October 2015
- f) Universal Credit - Inverclyde from 2016 ?

Social Sector Size Criteria

Number of affected households

- | | | |
|-----------------|------|---------|
| ▪ April 2013 | 1635 | £1,004k |
| ▪ February 2014 | 1352 | £ 804k |

Reduction largely due to expansion of exempt groups

Discretionary Housing Payments

- Cumbersome for applicants
- Council's policy revisited 3 times to open up criteria as additional funding was received and impact became clear
- Intensive budget monitoring and profiling to prevent spending above limit
- Extensive communication with RSLs and Support Providers
- Complex manual administrative awards processes

RSLs

- Increased Collection Costs & Reduced Rent Income
- Lower Capital Support
- Challenges to change tenure mix

DHP Allocation

2013/14

DWP allocation	£172k
DWP Reserve Fund	£ 60k
One off DWP Error	£ 58k
Top-up IC/ SG	£153k
Upper Limit	<u>£443k</u>

2014/15

DWP allocation	£211k
Top-up IC/ SG	£326
Upper Limit	<u>£527k</u>

£277k short of gross impact

Scottish Welfare Fund

Funding 2013/14

Projected Out-turn

Admin Funding	£130.9k	£190k
Programme CCG	£453.8k	£450k
Programme CG	<u>£278.8k</u>	<u>£125k</u>
	<u>£863.5k</u>	<u>£765k</u>

- Estimate 3,300 applications in 2013/14 (63% approval rate)
- Monthly claims now in line with budget
- High administration costs
- How to treat claims related to sanctions?

Non Quantifiable Impact on Community

- Implications for vulnerable members of the community
- Sanctions
- PIP
- Coherence with other national policies – independent living
- Universal credit rollout
- Local Support services framework

- Impact on local economy

Mitigation

Inverclyde Council Funding £200k

- Increased advice team staff
- Case management System
- Funding to partners-affordable credit

External Funding (Lottery/SLAB) £1.3 million

- Advice line
- Fuel Poverty
- Food poverty
- Vulnerable tenants
- Vulnerable groups
- skills development

Partnership approach

Timing of funding related to UC

Council Response

- a) Reports to every Policy & Resources Committee
- b) Allocated £1.1million (2014/15) increasing to £1.3million (2015/16)
- c) Close working with RSLs/3rd Sector and Other Partners
- d) Improved referrals process – Internally and with Partners

But

- a) Council response unable to fully mitigate impacts
- b) Lack of clarity around Universal Credit / LSS arrangements / timescales
- c) Concerns over future cuts announced