
Report To:	Policy & Resources Committee	Date:	20 May 2014
Report By:	Acting Corporate Director Environment, Regeneration & Resources and Corporate Director CHCP	Report No:	2014/P&R/09/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, including the 2013/14 out-turn position, the latest position in respect of Discretionary Housing Payments plus providing an update on Financial Inclusion Projects.

2.0 SUMMARY

- 2.1 The first year of the main Welfare Reforms changes has now been completed and the out-turn position in respect of the Scottish Welfare Fund and the Discretionary Housing Payments which relate to the Social Sector Size Criteria Policy is reported in Appendix 1 and Appendix 2.
- 2.2 As previously advised, the Committee is asked to note that the underspend in the Scottish Welfare Fund has been carried forward to 2014/15 and updates will be reported on a regular basis to Committee on 2014/15 spend.
- 2.3 It can be seen that in relation to DHP spend, then there was an underspend of £33,000 against a budget of £533,000 for 2013/14. Given the notification of a £90,000 increase in the Council's eligible budget within days of the end of the financial year, this is a significant achievement. The Council Leader sent a letter to David Mundell raising concerns over the way this matter was handled by the DWP.
- 2.4 The UK Government has advised that it intends to progress legislation to enable the Scottish Government to set the DHP cap from 2014/15. Until this legislation, and associated legislation, is approved then the Council requires to adhere to the DHP cap of £527,000 in 2014/15.
- 2.5 In order to commence processing applications in line with the Scottish Government's commitment to fully fund Councils for DHP costs associated with the Underoccupancy policy, then a revised DHP policy is attached at Appendix 5. In the event the legislation takes longer to implement than anticipated then Officers will report back to Committee on what action can be taken.
- 2.6 Section 6 of the report gives a comprehensive update in respect of Financial Inclusion Partnership projects and advises that a further bid has been made to the Scottish Government's Welfare Reform Resilience Fund. Committee is asked to note that due to the delay in Universal Credit implementation, many of these projects will end before the impacts of this benefit change will be realised. This will be the subject of further reports to Committee.
- 2.7 Officers from the CHCP are seeing an increase in demand across all advice services especially in relation to Personal Independence Payments which have replaced DLA. In addition, the impacts of conditionality being implemented by the DWP and associated sanctions are also

causing concerns. More details of these issues are included in Section 7 of the report.

- 2.8 Discussions continue at a national level regarding the implementation of a Single Fraud Investigation Service. Latest reports suggest that the issues around TUPE and preservation of terms and conditions have now been resolved, however, there remain significant concerns around the financial impact for Councils who will still have to provide an element of fraud investigation in relation to the Council Tax Reduction Scheme.
- 2.9 Local Support Service pilots are beginning to report back and are providing useful information on levels of on line applications and the level of staff support to claimants.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee approve the revised DHP Policy in Appendix 5.
- 3.2 It is recommended that the Committee otherwise note the contents of this report and that a further update will be presented to the next meeting of the Policy & Resources Committee.
- 3.3 It is recommended that the Committee recognise the hard work and commitment of the Discretionary Payments Team in the successful administration of the first year of the Scottish Welfare fund and the introduction of the Social Sector Size Criteria.

Alan Puckrin
Acting Corporate Director
Environment, Regeneration & Resources

Brian Moore
Corporate Director CHCP

4.0 BACKGROUND

- 4.1 Significant changes in the Welfare system came in in April 2013 and have been the subject of regular reports to this Committee.
- 4.2 Policies have been approved for the Scottish Welfare Fund (SWF) and Discretionary Housing Payments (DHP). Both of these were revised on a number of occasions due to either changes in guidance from the DWP/Scottish Government or increased funding.
- 4.3 The Financial Inclusion Partnership chaired by the CHCP has co-ordinated significant funding bids to provide improved capacity and support for those impacted by Welfare Reform.
- 4.4 The Council allocated an extra £3.2million as part of the 2013/16 budget to support initiatives or to off set shortfalls in DWP/Governance funding. In addition in September 2013 a further £250,000 was allocated to maximise DHP spend and fund a number of initiatives such as increasing the value of Clothing Grants.

5.0 2013/14 Out-turn – SWF / DHP

- 5.1 It can be seen from Appendix 1 that the out-turn position for SWF in 2013/14 is an underspend of £172,000. This is in line with previous reports and reflects the slow initial take up of SWF support.
- 5.2 The 2013/14 underspend will be carried forward to 2014/15. It should be noted that current demand is in line with available budget.
- 5.3 Appendix 2 shows the out-turn position for DHP support of an underspend of £33,000 (6%). The underspend cannot be carried forward to increase the level of expenditure on DHP in 2014/15 but the sum can be carried forward to be spent on other Welfare Reform initiatives.
- 5.4 Having an out-turn of £33,000 underspend represents a significant achievement given that on 24 March the DWP increased the amount the Council could spend by £90,000. The Discretionary Payments Team worked significant extra hours to process as many payments as possible by 31 March to maximise spend.
- 5.5 The Council Leader wrote to David Mundell MP raising concerns over the late notification of the increased ceiling and sought approval to increase next year's DHP ceiling by the amount of the underspend.

6.0 DISCRETIONARY HOUSING PAYMENTS – LATEST POSITION

- 6.1 The Scottish Government lobbied the DWP to increase the ceiling for DHP payments and on 2 May following this request and Mr David Mundell's visits to Council's to hear firsthand the difficulties being experienced by Council's, a letter was received by the Council Leader (Appendix 4).
- 6.2 This letter confirms that the UK Government intends to pass legislation using Section 63 of the Scotland Act 1998 which will allow the Scottish Government to set the cap for DHPs in Scotland. This will also require legislation in the Scottish Parliament. Currently Councils can spend up to 2.5 times the DHP Grant allocated by the DWP. In 2014/15 the DWP Grant for the Council is £211,000 and therefore the DHP ceiling is £527,000.
- 6.3 Initial estimates from Scottish Government officials are that this will take until late autumn for the UK and Scottish legislation to be added to the statute books and therefore until that time the Council needs to comply with the £527,000 cap. The estimated demand for DHP in 2014/15 is £880,000 being £804,000 per the Underoccupancy (Bedroom Tax) policy and £76,000 for other groups.

- 6.4 Discussions are taking place at a national level between the Government, Cosla and Councils as to how the Government's Policy of fully mitigating the impact of the Underoccupancy Policy can be achieved whilst requiring applications in all DHP cases and Councils waiting to be advised how much funding they will receive from the Government.
- 6.5 Whilst these important technical debates are ongoing there is understandable concern and confusion amongst tenants who believe that the "Bedroom Tax" has been "abolished" from 1 April 2014. Areas of concern centre around why some applications for DHP are still being rejected, why tenants need to apply for DHP and why local RSLs continue to charge / pursue debts generated by the Underoccupancy Policy.
- 6.6 Officers have met with the RSLs to discuss how far these matters can be mitigated and these discussions are ongoing. One practical matter which can be implemented subject to approval by the Committee is that all qualifying Underoccupancy DHP applications are paid in full without the need for a financial assessment. If approved this would greatly streamline the application process for tenants, RSLs and the Council and should increase take up of DHP which has not been high amongst some groups of tenants. A new, draft application form for under occupancy DHP applicants is attached at Appendix 6.
- 6.7 In order to achieve this change then an amended DHP Policy requires to be approved by Committee and this is attached at Appendix 5. Committee is asked to note that for those DHP claims which do not arise from the Underoccupancy Policy then the current full application process, which includes a financial assessment, has to be undertaken.
- 6.8 Committee is also asked to note that Officers will require to adhere to the DHP cap until legislation is fully through both UK and Scottish Parliaments. Based on the timescales outlined to date the need for the Council to cease making DHP payments later in the year should not arise. Committee will, however, be kept advised of developments.
- 6.9 As the Scottish Government has undertaken to fully recompense Councils for the cost of DHP paid for the Underoccupancy Policy / Bedroom Tax then, subject to the legal process outlined above being completed there is no budgetary limit for the Council for Underoccupancy payments. For the non-Underoccupancy DHP applicants it is recommended that the funding limit be initially set at the estimated amount of funding received for these purposes from the DWP. Officers' best estimate of this sum is £76,000 in 2014/15.

7.0 FINANCIAL INCLUSION UPDATE

- 7.1 The Inverclyde Financial Inclusion Partnership continues to work together to meet the outcomes within the Financial Inclusion Strategy, including working in partnership to mitigate the effects of Welfare Reform.
- 7.2 Under the banner of the Partnership a number of successful projects have been funded by both the Lottery Support and Connect funding stream and the Scottish Legal Aid Board (SLAB) Making Advice Work funding stream. See Appendix 3 for list of successful bids.
- 7.3 All of the successful projects are now underway with recent launches including the iHeat fuel poverty project and Inverclyde Advice First, the one stop phone number for information and advice relating to benefits / money advice.
- 7.4 A further bid has been submitted to the Scottish Government's Welfare Reform Resilience Fund which was announced recently. The application has two strands (1) the development of Smarterbuys which is a scheme for people to access white goods and furniture at discounted prices. This will be a useful alternative to high cost lending currently dominated by a number of high street outlets and (2) system admin support to roll out the Brightoffice case management system, currently being implemented for CHCP Advice services, to a range of external partners who provide benefits / money advice.
- 7.5 Whilst all these external funding streams are welcomed it requires to be noted that they all currently cease in March / May 2015. The delay to Universal Credit implementation, with no

definitive timescale, therefore means all of these projects will end before officers see further impacts of Welfare reform caused by this benefit change.

- 7.6 River Clyde Homes has committed its support to the work of the Financial Inclusion Partnership by providing a staff resource to help support and strengthen the day to day co-ordination and support of the partnership. This is very much welcomed by the partners.
- 7.7 Contact has been received from Citizens Advice Scotland (CAS) which has received funding from the Scottish Government to mitigate the effects of Welfare Reforms across Scotland. Inverclyde is one of two local authority areas who do not have a Citizens Advice bureau, however, our strong partnership across and between public and third sector organisations ensures Inverclyde residents are receiving the services they require. CAS wish to work with the Partnership and officers are currently discussing a short term sustainable project with a view to supporting DWP clients to transition from Post office accounts to bank accounts ahead of Universal credit implementation.
- 7.8 Grand Central Savings are still operating out of premises in Nicolson Street, however, they are moving to a new more cost effective business operating model within premises to be occupied by River Clyde Homes. It was hoped that this move would have taken place by this date, however it has been delayed due to the Oak Mall administration. The CHCP will therefore continue to fund the Nicolson Street premises until November 2014 by which time the relocation to RCH should be complete.

8.0 CHCP ADVICE SERVICES

- 8.1 The internal CHCP Advice team continues to review its service delivery model with telephone triage being introduced through the Advice First project and outreach surgeries used where appropriate. Additional posts are currently being recruited through external funding received from the Lottery with a specific focus on supporting vulnerable clients with mental health, addictions and homelessness issues.
- 8.2 A bespoke case management system for Advice services has been procured (Brightoffice) and is currently in the design phase with a move to implementation by June 2014. This will allow more effective handling of clients within and across negotiations and more robust reporting of clients accessing services and financial gains made. An application to the Scottish Government's Welfare Reform Resilience Fund has been submitted to provide a short term system admin support post to support this wider roll out.
- 8.3 Increased demand across all advice providers is being seen and in particular the area of the newly introduced Personal Independence Payment (PIP) replacing DLA, PIP assessments are taking significantly longer than expected with fewer than 1 in 6 claims decided by DWP.

At a national level, since the introduction of DWP mandatory reconsideration before appeal in October 2013, the volume of DWP appeals has decreased significantly. In the period October – December 2013 statistics from the Ministry of Justice show a decrease of 39% in appeal receipts made compared with the same period in 2012. In particular decreases of 61% in receipts of ESA and 46% in DLA. The expectation is that this trend will continue and be reflected in the statistics for at least the first quarter of 2014. This, however, has not filtered down to a reduction of appeals waiting to be heard locally, with a significant backlog of appeals of potentially 895 cases held by Welfare Rights awaiting listing by HM Courts & Tribunals Service. Workloads have the potential to be further enhanced by increasing appeal activity in relation to JSA/ESA conditionally and sanctions and breaking of the logjam in DWP PIP decision making.

- 8.4 The issue of Sanctions and client conditionality currently being imposed by DWP is a cause for concern, with Inverclyde residents being subjected to sanctions which impact on their available income. DWP sanction statistics reveal the number of JSA decisions referred for sanction between Greenock and Port Glasgow Jobcentres for the period 22 October 2012 – 30 September 2013 stood at 3293 (sanctions not people) with the majority resulting in implementation of sanction and loss of benefit. The concern, however, is that this has not

been reflected in an increase of JSA appeals, DWP figures obtained nationally under the Freedom of Information Act indicate 6 out of 10 ESA claimants impacted by sanction are vulnerable claimants with a mental health condition or learning difficulty. Recently published statistics show that Inverclyde had the highest percentage of JSA sanctions adverse decisions in mainland Scotland at 56%.

- 8.5 Committee is asked to note that CHCP Advice Services are currently developing the client representation strategy to ensure clients are aware of the mechanisms available to challenge DWP decision making and are assisted by Welfare Rights Officer to do so at First-tier Tribunal.

9.0 OTHER INFORMATION

- 9.1 The creation of a Single Fraud Investigation Service (SFIS) is continuing to be progressed with pilots commencing with Inverclyde being advised of a planned implementation date of February 2016. Progress has been made in resolving the issues around TUPE / Pensions.
- 9.2 There remain concerns over the financial implications with DWP indicating it will remove £4.8million from Scottish Councils which equates to around £100,000 for the Council. This is expected to be significantly greater than the resources expected to be saved. In addition the Council will have some residual Fraud responsibilities which will require to be funded. Cosla continue to liaise with DWP on these matters.
- 9.3 Local Support Services (LSS) pilots have produced interim reports and provide pointers as to the challenges the Council will face when LSS is implemented in Inverclyde. It is apparent that on line claims still require significant staff support and monitoring whilst a significant proportion of claimants do not possess the means, skills or wish to claim via the internet. More information on development of the LSS model will be reported in future reports.

10.0 IMPLICATIONS

Finance

- 10.1 The Council has not been adequately recompensed for the extra burdens brought on by the Welfare Reform agenda and this is evidenced by the Council allocating £1.1million extra funding to this issue in 2014/15. Cosla continue to lobby both the DWP and Scottish Government for ncreased funding in a number of areas.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
Benefits	SWF	2014/15	904		Includes £172,000 c/fwd from 2013/14
Benefits	DHP	2014/15	527 DWP ceiling		DWP grant is £211,000 whilst estimated demand is approximately £870,000

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (if Applicable)	Other Comments
Finance	Various	2014/15	1100		Sum increases to £1.3m in 2015/16.

Legal

10.2 There are no specific legal issues arising from this report.

Human Resources

10.3 The potential transfer of Finance employees to the SFIS is being supported by OD & HR.

Equalities

10.4 There are no specific equalities issues arising from any decisions required in this report.

Repopulation

10.5 It is important that the Council provides a robust response to the Welfare Reform changes and provides appropriate levels of support, advice and funding. These actions will assist the Council to retain residents within the area.

11.0 CONSULTATIONS

11.1 This report is produced in close consultation with officers from the CHCP and is based on the work of the Welfare Reform Project Board.

12.0 LIST OF BACKGROUND PAPERS

12.1 None.

Scottish Welfare Fund
2013/14

Calls Answered	12285		
Applications	3199		
Applications Granted	2107	66%	
Applications Refused	928	29%	Note 3
Applications Withdrawn	98	3%	
In Progress	66	2%	
Referrals to DWP	875		Note 2
		<u>Budget</u>	<u>Spend</u>
		<u>£000</u>	<u>%</u>
Crisis Grant paid (1258) =	£109.2k	158	69.1%
Community Care Grants (881) =	£451.0k	574	78.6%
	<u>£560.2k</u>	<u>732</u>	76.5%

Note 1 1st Tier Reviews = 100 (3.1%)
 1st Tier Reviews Upheld = 43 (43%)
 2nd Tier Review = 6
 2nd Tier Reviews Upheld = 1 (17%)
 Reasons for upholding 1st Tier Reviews were – 70% : Provision of additional information by the claimant / change of circumstances
 - 30% : 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.

<u>Discretionary Housing Payments</u>			
<u>2013/14</u>			
Applications Received	1674		
Applications Approved*	1097	(65.5%)	
Applications Refused	552	(33.0%)	Largely due to exceeding the financial threshold ineligibility
Awaiting Supporting Evidence	0	(0%)	
To be Started	0	(0%)	
No Action Required	25	(1.5%)	Largely due to renewal Applications no longer required
*756 (68.9%) of those approved relate to financial pressure			
	£000		
Paid to date	498		Paid to Landlords a month in arrears
Commitments	1		Assumes existing claims run their course
New/Replacement Claims	0		Estimate based on year to date experience
Available Budget	533		
Projected Spend	500		
Reviews requested = 92 (5%)			
Reviews Upheld – 36 (39%)			(49% due to revised financial information received 51% due to other new information received)

Additional funding secured by Inverclyde Financial Inclusion Partnership for additional services to support the impact of Welfare Reform and Hardship 2013/14.

Lottery Support and Connect Funding

Starterpacks Inverclyde	£94,000	This project will allow additional capacity for equipment and also fund the co-ordinator post
iHeat Fuel Poverty Project Inverclyde Council / Wise Group	£330,000	The project will provide energy and Advocacy advice for people struggling with Fuel poverty.
Inverclyde Council on Disability Financial Fitness / Inverclyde CHCP / IAERC	£279,437	This project will provide a welfare information and support project for 15 months and employ three Financial Inclusion Link Workers and one full time Administration and Monitoring Officer to support 250 individuals to receive monitoring support and benefits advice.
River Clyde Homes	£349,866	This project will increase local people's financial resilience to mitigate the impact of welfare reform. Using a partnership approach the project will provide supported ICT advice and training on the completion of on-line benefit forms, using the internet to source affordable products, and developing financial literacy and budgeting skills to manage on a reduced income.

SLAB Making Advice Work Funding

Inverclyde Advice First (CHCP / Financial Fitness / Legal Services Agency)	£184,000	To provide a generic telephone advice line; emergency advice worker support and additional legal support from Legal services agency to clients with housing issues.
River Clyde Homes	£104,000	To provide extra tenancy support to vulnerable tenants and also the development of a smart phone application

In addition to funding secured through the Partnership, Stepwell Consultancy received £157,000 from Lottery Support and Connect to address food poverty in the Inverclyde area and the hardship that individuals and families face by providing information events on food on a limited budget, a cooking programme, kitchen essentials, cupboard and shopping packs, and peer led support.

Total £1.5million additional funding until March 2015.



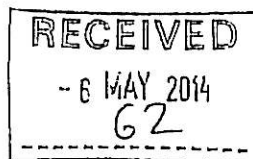
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Councillor Stephen McCabe
Leader of the Council
Inverclyde Council
Municipal Buildings
Greenock
PA15 1LY



Dear Stephen,

2 May 2014

DISCRETIONARY HOUSING PAYMENTS

I am writing to make you aware that following my programme of engagement with you on welfare reform issues and in response to your feedback and issues raised in correspondence from the Scottish Government, I have now written to the Deputy First Minister on behalf of the UK Government to offer to provide Scottish Ministers with the power to set the statutory cap on Discretionary Housing Payments (DHPs) in Scotland.

As you aware, the UK Government has legislated to provide local authorities across Great Britain with the ability to grant DHPs to support tenants in their area with housing costs not covered by Housing Benefit. The UK Government provides a substantial contribution towards DHPs, which has increased to over £15 million in Scotland this financial year. Every Local Authority is able to exercise broad discretion to determine how and when the money is distributed within each financial year, and are able to add to this contribution, subject to a formula-based cap. Powers for the Secretary of State to vary the cap are found in the Child Support, Pensions and Social Security Act 2000.

The Scottish Government has indicated that it would like to spend additional funds on DHPs in Scotland and following my direct programme of constructive engagement on welfare reform implementation with local authorities across Scotland, I have discussed this matter with colleagues in the Treasury and Department for Work and Pensions. As a consequence, I have written to the Scottish Government today to offer to provide Scottish Ministers with a power to set the statutory cap in Scotland. I propose to do so using section 63 of the Scotland Act 1998.

Section 63 orders are a fundamental part of Scotland's flexible devolution settlement. They allow us to respond to situations of this sort in a pragmatic way. Devolution of the power to set the cap would enable the Scottish Government to set a separate cap for DHPs in Scotland. This secondary legislation will require agreement and cooperation between Scotland's two Governments and the approval of both the UK and Scottish Parliaments.

I would be happy to discuss this matter further with you, if that would be helpful.

Prof Hon DAVID HUNDELL MP

APPENDIX 5

Category	Circumstances	Maximum Duration of Award/ Award to be reviewed	Amount of DHP (up to the stated % of the shortfall between HB and the rent charge – or otherwise stated)	Examples of Supporting Evidence
1	Claimants affected by the Social Sector Size Criteria (Working Age Housing Benefit claimants living in Housing Association tenancies)	For the full financial year	100% of the SSSC reduction	HB records
2a.	Claimants supported by the Homelessness Service in the Private Rented Sector	12 months	100%	Homelessness records
2b.	Benefit Cap	Until end of financial year	50%	HB records
3	Financial Hardship – Less than £20 income over expenditure each week	Until end of financial year	50%	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 3 being the lowest priority

Category 1

- Applicants in category 1 are not subject to a financial assessment

Category 2

- Applicants in category 2 are subject to a financial assessment. Applicants are approved where income is less than £20 more than essential expenditure. Disability Living Allowance is disregarded as income although all other income is taken into consideration.
- Awards for claimants supported by the Homelessness Service in the Private Rented Sector are limited to the equivalent of the difference between the HB award and one rate above the LHA rate for the household's requirements or the LHA 2 room rate, whichever is higher. Affordability of those supported by the Homelessness service will be monitored closely subject to an upper annual budget of £20k.
- Those affected by the Homelessness service will be monitored closely subject to an upper annual budget of £20k.
- Those affected by the Benefit Cap renting in the private rented sector – DHP is awarded based on the difference between HB and the LHA rate applicable to the household's requirements
- Those affected by the Benefit Cap renting in the social sector – DHP is awarded based on the difference between HB and the rent charge

Category 3

- Applicants are approved where income is less than £20 more than essential expenditure. Disability Living Allowance is disregarded as income although all other income is taken into consideration. This category will also be monitored closely and in line with 2013/14 could be subject to review depending on the level of spend.
- In the private rented sector DHP is awarded based on the difference between HB and the LHA rate applicable to the household's requirements or the 1 room rate for those aged under 35 years
- In the social sector DHP is awarded based on the difference between HB entitlement and the rent charge

Budget

It is recommended that the budget for Category 2 and 3 claims be limited to the amount of funding received for these purposes from the DWP. For 2014/15 this is estimated as £76,000.

Date: 20/5/14

Application for Discretionary Housing Payment – Social Sector Size Restriction

Personal details

Your name	
Partners name (if applicable)	
Address	
Claim reference	

DECLARATION

Please read this declaration carefully before you sign and date it.

- I wish to apply for a Discretionary Housing Payment as my Housing Benefit has been **reduced due to the social sector size restriction**.
- I declare that the information I have given on this form is correct and complete as far as I know and believe.
- I understand that if I knowingly give information that is incorrect or incomplete, I may be liable to prosecution or other action.
- I know that I must let you know in writing straight away about any changes in my circumstances.

Signature of claimant

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Date

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