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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>17<sup>th</sup> May 2016</b>
<b>Report By:</b>	<b>Chief Financial Officer and Corporate Director (Chief Officer) Inverclyde Health and Social Care Partnership</b>	<b>Report No:</b>	<b>FIN/52/16/AP/BM</b>
<b>Contact Officer:</b>	<b>Alan Puckrin</b>	<b>Contact No:</b>	<b>01475 712223</b>
<b>Subject:</b>	<b>Welfare Reforms Update</b>		

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## 1.0 PURPOSE

- 1.1 The purpose of this report is to provide Committee with an update on the actions being taken by the Council in response to ongoing Welfare Reform changes.

## 2.0 SUMMARY

- 2.1 Appendix 1 shows the final 2015/16 position in respect of the Scottish Welfare Fund payments. The final out-turn was £793,500 compared to a 2015/16 grant of £732,000. The overspend of £61,500 will be offset against the carry forward of £131,000 from 2014/15. The 2016/17 Budget Settlement confirmed a £52,000 cut in Scottish Government Funding for SWF and in response to this the Council allocated £100,000 from its own Welfare Reform budget to meet the reduction in Government Grant/Increased Demand.
- 2.2 DHP applications to offset SSSC (also known as the bedroom tax) have progressed very well with 99.78% of eligible households applying for support in 2015/16 with total spend being £934,000. Expenditure in this area is fully underwritten by the Scottish Government.
- 2.3 Universal Credit became operational in Inverclyde on 12<sup>th</sup> October and numbers accessing this benefit continue to increase however operational difficulties have been encountered in terms of errors by the DWP in the calculation of benefit entitlement and the responsiveness of the DWP service centre. Liaison with the local DWP Office is giving some improvement but there remains a large volume of manual work and error.
- 2.4 Migration of existing DLA Claimants to PIP commenced in Inverclyde in October 2015 and recent statistics from the DWP show an award rate of 52% for new applicants and 68% for those being reassessed. It is intended that a detailed report on this issue will be presented to the August Health & Social Care Committee.

## 3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the contents of the report.

**Alan Puckrin**  
Chief Financial Officer

**Brian Moore**  
Chief Officer, Inverclyde HSCP

## **4.0 BACKGROUND**

- 4.1 Committee receive a report each cycle providing updates on the Council's response to the major Welfare Reform changes being rolled out across the UK. The Council set aside £1.3 million on a recurring basis from 2016/17 to meet the significant financial challenges generated by the changes.
- 4.2 Further significant changes were announced by the Chancellor of the Exchequer as part of the autumn statement in November 2015 and the estimated impact of these has been factored into the utilisation of the Welfare Reform recurring budget from 2016/17.
- 4.3 Members received a briefing on 14<sup>th</sup> January in respect of Universal Credit and the early findings from operations within Inverclyde. Officers have been asked to provide an updated briefing later in 2016.

## **5.0 SCOTTISH WELFARE FUND AND DISCRETIONARY HOUSING PAYMENTS**

- 5.1 Appendix 1 shows the final 2015/16 position in respect of the Scottish Welfare Fund payments. The final out-turn was £793,500 compared to a 2015/16 grant of £732,000. The overspend of £61,500 will be offset against the carry forward of £131,000 from 2014/15. Some of the extra demand is being driven by the implementation of Universal Credit and delays in initial payments to new claimants.
- 5.2 The recent Budget Settlement contained a 7% (£52,000) cut in Scottish Government SWF Grant Funding for Inverclyde in 2016/17 due to a redistribution of the funding across Scotland. This makes the position in 5.1 more challenging and created a funding pressure from 2016/17. Committee agreed therefore to allocate £100,000 from the recurring Welfare Reforms budget in 2016/17 and to increase this by a further £50,000 in 2017/18. Officers will endeavour to stay within the approved budgets by ensuring that policies are strictly adhered to and bring regular updates to Committee.
- 5.3 The Welfare Funds (Scotland) Regulation 2016 came into force on 1<sup>st</sup> April 2016. The accompanying Scottish Welfare Fund guidance is revised clarifying aspects of previous guidance and introducing the Scottish Public Services Ombudsman's responsibility for second tier reviews, removing responsibility from Councils. Low income indicator descriptors are more defined; a revised Crisis Grant application decision timescale target has been introduced (decisions must be made by the end of the next business day); Community Care Grant qualifying conditions have been clarified. Officers will monitor the impact on the budget given the requirement for more Crisis Grant decisions to be made "on balance of probabilities" without supporting evidence, and the involvement of the SPSO
- 5.4 99.78% of Housing Association tenants at 31st March 2016 affected by the Social Sector Size Criteria (also known as the bedroom tax) had applied for and received Discretionary Housing Payment (DHP). The projected value of DHP awarded to mitigate the SSSC during 2015/16 is £934,000. Expenditure above the allocation from the Department for Work and Pensions in this area is fully underwritten by the Scottish Government. Discretionary Housing Payments to meet pressures as a result of other welfare reforms including restrictions in the private rented sector amounted to £37,000. As in previous years, those with an active DHP application at 31<sup>st</sup> March 2016 will have their application rolled over to 2016/17, removing the need for applicants to reapply.
- 5.5 The Department for Work and Pensions notified that the 2016/17 DHP allocation will increase from £185,910 to £232,047. This increase is welcomed and will support some of the welfare reforms being introduced in 2016/17 and, in particular, the reduced Benefit Cap. Committee agreed some amendments to the Council's DHP Policy to take account of these extra resources.

5.6 Universal Credit housing cost support for homeless claimants is severely limited. The DWP has made it clear that DHP funding is available to help with the shortfall. The number of applications for DHP in these circumstances is expected to be low during 2016/17 making the proposed change affordable however this will be closely monitored and is expected to be reviewed when the UC full service is launched in Inverclyde and many more homelessness service users place demands on the budget.

## **6.0 UNIVERSAL CREDIT**

6.1 Approximately 600 Universal Credit claims have made to date, 84 with housing costs (14%) and more than 30% of UC claimants have income from employment taken into account in the assessment of their Universal Credit award. The Council's Benefits' service checks awards notices as they arrive at the Council and assesses the DWP's UC claim calculation accuracy rate to be 76%. Errors are reported on behalf of claimants to the DWP Universal Credit Service Centre for correction.

6.2 The assessment of Council Tax Reduction and Discretionary Housing Payments for UC claimants continues to be time consuming in spite of a solution transferring UC claim data from DWP to the Benefits Service being in place. Officers submitted recommendations to the DWP UC project team which are under consideration. There are however no expectations of improvements of any significance being made in the immediate future.

6.3 The 2016/17 Universal Credit Delivery Partnership between the Council and the Department for Work and Pensions, outlining the Council's responsibilities for the provision of local support services is in place. The provision mirrors the services in place since the implementation of Universal Credit

6.4 The Local Authority areas included in Phases 1 and 2 of the national expansion of the Universal Credit "Full Service" are progressing. UC Full Service means the eligibility restrictions currently in place are removed and all benefit claimants who would otherwise claim one or more of the legacy benefits, claim Universal Credit. DWP is committed to consulting with each council to agree their position within the national expansion programme. An approach is expected from DWP in the coming months for the specific date to be agreed, with an announcement being made by July or September 2016. As previously reported, Inverclyde's launch will be no sooner than early 2017.

## **7.0 EXTERNAL FUNDING & PIP**

7.1 Formal notification has been received from Big Lottery regarding the delay to the ESF/Lottery Strategic Intervention related to financial inclusion. The delay has been in relation to the full funding agreement with the managing authority and it is hoped that this will be concluded within the first quarter of 2016. Big Lottery have confirmed that they still anticipate working in each of the following local authorities: Argyll and Bute, Dundee City, Glasgow, Inverclyde and North Ayrshire; and the amounts awarded in each area will depend on the population size, level of need and range of existing services. This is in line with the last update to Committee.

The contracts in these 5 areas will focus on delivering the following two outcomes:

- An increase in disadvantaged participants with improved money management skills; and
- A decrease in disadvantaged participants affected by debt as a barrier to social inclusion.

7.2 Funding awarded by the Committee from the Council Earmarked Reserves has been communicated to the organisations. Meetings are being held with each of the organisations to develop robust Service Level Agreements outlining outcomes; compliance expectations and governance arrangements. 6 monthly monitoring reports will be provided by each project/service.

- 7.3 DWP budgetary savings on disability benefits have been widely reported with the impact being observed by an increase in clients seeking help from Advice Services particularly in relation to reduced Personal Independence Payment awards. There are approximately 4,000 working age Disability Living Allowance (DLA) claimants in Inverclyde who will be subject to the migration process to Personal Independence Payment (PIP). Information from DWP shows 32% of those reassessed for PiP have lost all entitlement to disability benefit and of the 68% who have secured an award there is no guarantee the award was similar financially to that of DLA.
- 7.4 A Data Sharing Agreement was introduced between the Council's Benefits Service and HSCP Advice Services permitting information relating to claimants' PIP awards to be shared allowing Advice Services to contact those adversely affected by PIP decisions. To date 18 clients who have had not previously engaged the help of the Advice Service took up their offer of support and advice in relation to the mandatory reconsideration process and with representation at Social Security Appeal Tribunals.
- 7.5 In order to help collate evidence regarding the DLA to PIP migration, the Financial Inclusion partnership will be undertaking two surveys. The first survey is to ascertain how PIP claimants have found the process and assessments, and a second survey to collate Advice organisations level of support to clients and the outcomes. The information will be presented at a future committee.

## 8.0 IMPLICATIONS

### 8.1 Finance

Pressures continue to mount on Council budgets as the various aspects of Welfare Reform are rolled out and it is envisaged that by 2018 all the £1.3million recurring budget will be fully allocated. This creates a further pressure on the Council's budget for the period beyond 2018/19.

#### Financial Implications:

##### One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

##### Annually Recurring Costs/ (Savings)

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

### 8.2 Legal

There are no legal implications arising from this report.

### 8.3 Human Resources

There are no HR implications arising from this report

## 8.4 Equalities

Has an Equality Impact Assessment been carried out?

Yes See attached appendix

No

This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

## 8.5 Repopulation

There are no repopulation implications.

## 9.0 LIST OF BACKGROUND PAPERS

9.1 None.

**Scottish Welfare Fund**  
**31 March 2016**

Calls Answered	10541		
Applications	4323		
Applications Granted	3022	69.91%	
Applications Refused	578	13.37%	Note 3
Applications Withdrawn	621	14.36%	
In Progress	102	2.36%	
Referrals to DWP	299		Note 2
	<u>Spend</u>	<u>Budget</u>	<u>Spend</u>
	<u>£000</u>	<u>£000</u>	<u>%</u>
Crisis Grant paid (2160)	190.6	198.6	95.97%
Community Care Grants paid (1014) (includes 152 applications paying both CCG & CG)	602.9	664.8	90.69%
	<u>793.5</u>	<u>863.4</u>	91.90%

**Note 1** 1<sup>st</sup> Tier Reviews = 51 (1.42%)  
1<sup>st</sup> Tier Reviews Upheld in Customer Favour = 25 (49.02%)  
2nd Tier Reviews = 6 (includes 2 against decisions 2014/15) - (12.25%) out of 49 1<sup>st</sup> tier decisions  
2nd Tier Reviews Upheld in Customers Favour = 1 (16.67%) with 1 withdrawn

**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.

**Note 4** Core Budget is £732,000 to which is added a residual underspend from 2014/15 of £131,000

## Discretionary Housing Payments

31 March 2016

### Renewals

Renewals - approved	1349	(97.12%)	
Renewals - refused	2	(0.14%)	Applicants no longer meet priority group criteria
Renewals – not eligible	38	(2.74%)	No entitlement to DHP because Housing Benefit has stopped

### New Applications

New Applications Received to date	769		
Applications Approved	510	(66.32%)	
Applications Refused	137	(17.82%)	
Applications - No Action	97	(12.61%)	DHP paid as 'Renewal'
Awaiting Supporting Evidence	0	(0%)	
New Applications still to be assessed	25	(3.25%)	19 from RSL tenants

### £000

DHP Paid to date	931		Paid to Landlords a month in arrears
DHP Commitments	37		
Includes Non-SSSC (£37k)			
New Applications to be assessed	3		Estimate based on current average award
Total Projected Spend	<u>971</u>		Assumes no further new applications
Reviews requested:	6	(0.29%)	

### SSSC

Households affected by SSSC at 31.3.16	1356		
Households currently receiving DHP (including applications still to be paid, pending Housing Benefit claim decision)	1351	(99.78%)	
SSSC spend	£931k		(Scottish Government SSSC Projection: £964k)