

The Highland Council

Finance, Housing and Resources Committee - 9 October 2013

Agenda Item	4
Report No	FHR/ 117/13

Welfare Reform Update

Report by Director of Finance

Summary

This Report is one of a series providing Members with an update on the fast moving situation that is Welfare Reform.

The Report takes a preliminary look at the implications for the Council of the UK Government announcement that Inverness Job Centre is to be the first in Scotland where the Department for Work and Pensions (DWP) will introduce Universal Credit from November 2013.

It also provides (in the **Appendix**) statistics on under occupancy; rent arrears; Discretionary Housing Payments that are providing short term mitigation for some households; the benefit cap; and the Scottish Welfare Fund.

1. Background

- 1.1 The Welfare Reform Act contains significant reforms to the UK Benefits system with the main reforms having been introduced from April 2013 onwards.
- 1.2 As reported to Committee in August, DWP announced in July that Universal Credit will expand to 6 new Jobcentres starting from October 2013; Inverness Jobcentre is one of those selected and the only Jobcentre in Scotland.
- 1.3 Under Occupancy provisions were implemented on 1 April 2013 and brought in rules restricting Housing Benefit for working age tenants renting in the social sector. Short term mitigation by the Council has included the use of Discretionary Housing Payments to reduce the shortfall in an individual's Housing Benefit.
- 1.4 The Scottish Welfare Fund was introduced on the same date, with the Council providing Crisis Grants and Community Care Grants under a new Scottish Government scheme.
- 1.5 The Appendix to this report provides Welfare Reform data that Members have agreed will be provided to this Committee on a regular basis.

2. Universal Credit

- 2.1 Universal Credit represents a fundamental reform to the welfare system, and will roll six benefits (Income-based Jobseekers Allowance, Income-related Employment and Support Allowance, Income Support, Housing Benefit, Working Tax Credits and Child Tax Credits) into one with the aim of simplifying the system and ensuring people are better off in work.
- 2.2 Indications are that Universal Credit will start to go live in Inverness Jobcentre from 25 November of this year. A phased approach to the changes is planned with only the most straightforward of new cases being processed under Universal Credit instead of Job Seeker's Allowance from November.
- 2.3 Universal credit caseloads will be low at first, with existing benefit claimants not likely to start migrating across to Universal Credit during the first year, and DWP will invite existing claimants to make a claim in due course to Universal Credit; they will not automatically be transferred.
- 2.4 Based on management information from a variety of sources we estimate the total potential number of Universal Credit claimants within the large geographical area covered by Inverness Job Centre to migrate across from existing benefits by 2017 to be approximately 26,000.

3. Universal Credit – the Council's Role

- 3.1 Universal Credit delivery is clearly the responsibility of DWP although such a major change has implications for Council Services and our partners such as the Citizens' Advice Bureaux.
- 3.2 Vulnerable clients in particular are likely to need advice and support as they are affected by the new arrangements. Many such individuals and families will turn naturally to the Council for assistance. The Council is uniquely placed to help them and can draw on a wide range of locally-based Services.
- 3.3 During the Inverness pilot for Universal Credit, representatives of Exchequer and Revenues have been invited by DWP to participate in a Partnership Forum chaired by the Department's District Manager and involving a senior member of the national implementation project team.
- 3.4 The Forum will provide the Council with valuable intelligence regarding technical and client mitigation issues, and ensure that strong links are established to further the Council's policy objectives in this area of work.
- 3.5 As with pilot sites in England, it will also clarify whatever "local partnership" arrangements are necessary during the implementation phase and the extent to which DWP funding will be made available locally for these.
- 3.6 Beyond the immediate phase and subject to an updated Universal Credit Local Support Framework being agreed soon for the whole of the United Kingdom, it is hoped that negotiations through COSLA will clarify Scottish Councils'

support to customers in the longer run and the extent to which this will be funded by DWP and the Scottish Government.

- 3.7 The Scottish Government is taking a keen interest in what is happening in Inverness as the only Scottish pilot, and have agreed a suggestion by the Council that they too be represented at regular meetings of the local partnership. This is extremely useful in terms of having a common understanding of issues and joined up approaches to issues such as Council Tax Reduction, Financial and Social Inclusion, Money Advice, Passported Benefits etc.
- 3.8 As the Inverness transition to Universal Credit progresses, there will be regular reports back to the Council's Welfare Reform Group. These will include the detailed arrangements covering additional work requiring to be undertaken locally by the Council and funded by DWP.

4. Discretionary Housing Payments

- 4.1 In the Scottish Budget an additional £20m is being made available to top up Councils' DHP Budgets. As reported to Committee in August the Council's allocation from DWP for 2013/2014 was recently increased to £987,115 on grounds of rurality.
- 4.2 The additional monies from the Scottish Government, which are likely to be distributed largely pro rata to DWP funding for the current year, are intended to help those families who cannot avoid the short term consequences of the Under Occupation measures.
- 4.3 The maximum top up permissible under the DWP regulations that govern DHPs is 150%, which could mean an additional entitlement of £1.498m.
- 4.4 As soon as the increase in funding to £987,115 was announced the Council adjusted its guidance to staff in order to ensure that maximum relief was being awarded. This meant that some tenants of the Council and Registered Social Landlords had their cases reviewed and DHPs granted where they had initially been refused. Others were able to have their period of entitlement extended.
- 4.5 As things stand at present the Council will be able to assist many more customers in the current year, but uncertainty remains over the position after 31 March 2014.
- 4.6 It remains a prerequisite of DHP entitlement that the customer is already claiming Housing Benefit.

5. Scottish Welfare Fund

- 5.1 Work is ongoing at an all-Scotland level to review the flexibility and targeting of the Scottish Welfare Fund. Despite the current level of spending being lower than originally forecast, the Scottish Government (whose scheme it is) intends to maintain the scheme at £33m in both 2014/2015 and 2015/16. Demand is

expected to increase once Universal Credit begins to bite and the general public become more aware of the scheme's existence.

- 5.2 Locally, the Highland Council is doing everything possible within the rules of the scheme to ensure that all legitimate claims are met. This includes taking account of current flexibility to make awards to reduced priority applicants who might otherwise have been refused, and ensuring that the members of the Exchequer Operations Team who have the difficult job of handling applications are as sympathetic to customers as they can be within the rules of the scheme.
- 5.3 Officers in Finance, Housing and Health & Social Care are also examining other financial support mechanisms that already exist within the Council to see how claimants can ensure maximum support from the Council and to ensure that the available funding is targeted appropriately.

6. Meeting with Members of Parliament

- 6.1 On 11 October members of the Council's Welfare Reform Group will meet again with the three Members of Parliament representing Highland Constituencies to review current progress on Welfare Reform issues and mitigation measures.

7. Recommendations:

Members are invited to -

1. consider the updated information contained in this Report;
2. note the relevant statistics shown in the attached Appendix; and
3. agree that the Council is represented as appropriate on the local partnership forum of officers dealing with Universal Credit issues.

Designation: Director of Finance

Date: 1 October 2013

Author: Dawson Lamont, Head of Exchequer & Revenues

Appendix

Under Occupation: as at 9th September 2013

Summary – 25% reduction		Summary – 14% reduction	
	No of Properties		No of Properties
Council tenants	322 (78%)	Council tenants	1338 (65%)
HA tenants	89 (22%)	HA tenants	723 (35%)
Total	411	Total	2061

Summary – combined	
	No of Properties
Council tenants	1,660 (67%)
HA tenants	812 (33%)
Total	2,471

Number of tenants in arrears, value of arrears and movement in quarterly periods – for Highland Council tenants affected by under occupation only as at 24 August 2013:

Total number in arrears	Value £	+/- % Movement since Qtr. 4 12/13	Number +/-	Value £ +/-
Q1 1175	£269,687	+55%	+451	+£96,196
Q2 1130	£279,018	+56%	+406	+£105,527

Number of transfer applicants affected and movement in quarterly periods – for Highland Housing Register: as at 21st August

Number of applicants	+/- % Movement since Qtr. 1 13/14	Number +/-
337	-2%	-7

Benefit Cap: 22 households capped as at Monday 30/09/13

Landlord type where cap has been implemented	HB reduction per week					
	£0 - £19.99	£20 – £39.99	£40 - £59.99	£60 - £79.99	£80 - £99.99	£100 - £119.99
Local Authority		2	1	2	1	1
Housing Association	5		1	1	3	
Private rent*	1	1	1	2		

Housing Benefit Appeals:

Number of appeals received with a comparison to the previous financial year			
Quarter 1 2012 Appeals/Reconsiderations	5 / 78	Quarter 1 2013 Appeals/Reconsiderations	1 / 99
Quarter 2 2012 Appeals/Reconsiderations	2 / 95	Quarter 2 2013 Appeals/Reconsiderations	1 / 90

Discretionary Housing Payments:

(Total DHP applications in Qtr. 2:917)		Qtr. 1 total	July 13	August 13	September 13	Qtr. 2 total
Number of awards made in month		455	123	206	588	917
Total amount paid and committed in month		£80,641	£19,109	£49,450	£168,081	£236,640
Award Reasons		Qtr. 1				Qtr. 2
	Under occupation	366				807
	Benefit Cap	2				0
	Disabled Applic'n	28				50
	Others	59				60

Scottish Welfare Fund:

	Qtr. 1 total	July 13	August 13	September 13	Qtr. 2 total
Crisis Grant					
Application Approved	163	57	86	127	270
In month award total	£7,608	£2,801	£5,081	£11,836	£19,718
Average CG award	£48	£49	£59	£93	£73
Community Care Grant					
Application Approved	56	24	30	40	94
In month award	£31,339	£5,975	£14,038	£71,955	£91,968
Average CCG award	£721	£249	£468	£1799	£978

Highland Foodbank:

Vouchers fulfilled	Adults fed	Children fed	Total fed
1546	1930	754	2684
Top 3 reasons why voucher issued: 1. Benefit delay 2. Low income 3. Benefit changes			

Data taken from Distributors report 1st January 2013 - 31st August 2013