

**THE HIGHLAND COUNCIL  
FINANCE, HOUSING AND RESOURCES COMMITTEE  
WELFARE REFORM WORKING GROUP**

Minutes of Meeting of the Welfare Reform Working Group held in Committee Room 1 at 10am and Convenor's Hospitality Room at 11am both at Council Headquarters, Glenurquhart Road, Inverness on Friday 11 October, 2013.

**PRESENT**

Mr A Christie  
Mrs M Davidson (arrived 10.30am)  
Mr D Fallows  
Mr D Hendry

Mrs D Mackay  
Mr T Prag

**ALSO ATTENDING**

Mr D Alexander, MP  
Mr C Kennedy, MP

J Thurso, MP

Officials in attendance:-

Mr D Yule, Director of Finance  
Mr D Goldie, Head of Housing, Housing and Property Service  
Mr D Lamont, Head of Exchequer and Revenues, Finance Service  
Mrs S McKandie, Exchequer Manager (Policy and Development), Finance Service  
Ms A Macrae, Committee Administrator, Chief Executive's Service

**1. Apology for Absence**

An apology for absence was received from Mrs C Wilson.

**2. Declarations of Interest**

**Mr A Christie declared a non-financial interest in Items 3 and 4 as General Manager and Company Secretary of Inverness, Badenoch and Strathspey CAB but, having applied the test outlined in Paragraphs 5.2 and 5.3 of the Councillors' Code of Conduct, concluded that his interest did not preclude him from taking part in the discussion.**

**Mrs D Mackay declared a non-financial interest in items 3 and 4 as a Director of East Sutherland CAB but, having applied the test outlined in Paragraphs 5.2 and 5.3 of the Councillors' Code of Conduct, concluded that her interest did not preclude her from taking part in the discussion.**

**3. Update on Welfare Reform**

The Head of Exchequer and Revenues reported that he and the Exchequer Manager (Policy and Development), had been in Manchester the previous day to view at first hand the operation of Universal Credit. He indicated that it had been an extremely worthwhile visit ahead of the introduction of Universal Credit in the Highlands in November 2013, both in understanding the practicalities of the system and having a number of outstanding issues clarified.

He confirmed that an incremental and measured approach was being taken to the phased implementation of universal credit and initially only a small number of cases would be involved.

In regard to the switchback payments it was explained that this was subject to further local discussions and the results of the pilot scheme were being examined. However there was an indication that switchback would be introduced as early as possible for some tenants.

In regard to the switchback process the current understanding was that the Council would not be informed when a tenant was on universal credit unless advised by the tenant or be able to request a Switchback arrangement when a tenant fell into arrears. In response Members discussed the potential for tenants to have the option to sign a mandate to allow the Council to approach the DWP on their behalf and it was suggested that this matter be further investigated.

During further discussion it was noted that the Council had received additional Discretionary Housing Payment funding in the current year, and it was emphasised that this funding should be used in as an innovative and flexible way as possible to mitigate the effects of the under occupancy policy.

Thereafter, it was confirmed that a letter had been received from Lord Freud, Minister for Welfare Reform, in response to the Leader of the Council's letter seeking support for the Environment, Food and Rural Affairs Committee's recommendation that settlements of fewer than 3,000 people should be excluded from the under-occupancy policy. However concern was expressed at the terms of Lord Freud's response on the grounds it had not answered the point raised in regard to exemptions and had displayed a lack of understanding of the issues in the Highlands. It was suggested that this matter be drawn to the attention of the local MPs.

The Group **AGREED** that a further letter be sent to Lord Freud expressing concern that the substantive issue of exemptions for rural communities in Highland had not been addressed in his response to the Leader of the Council.

#### **4. Welfare Reform – Meeting with Highland MPs**

Note: At this point D Alexander MP, C Kennedy MP and J Thurso MP joined the meeting.

There was circulated briefing note which outlined some of the main impacts that welfare reform was likely to have on communities in the Highlands and setting out proposed solutions to mitigate against these impacts. The Group was advised that the briefing note had been circulated to the MPs in advance of the meeting.

The Chairman welcomed the MPs to the meeting and the opportunity to further discuss the impacts of welfare reform. Discussion then focused on the proposed solutions set out in the briefing note as detailed below:-

##### **Under Occupancy**

###### Proposed Solutions:

- *exempt tenants living in settlements of fewer than 3,000 people;*
- *amend current under occupancy regulations to exempt households where there is insufficient supply of smaller houses within the social rented sector;*
- *exempt Highland from the under occupancy rules where a reasonable offer of alternative housing cannot be made; and,*
- *seek to confirm by December 2013, Discretionary Housing Payment funding from April 2014.*

In discussion the MPs advised that there had been an acceptance by the UK Government of the principle that rurality was an issue in terms of the under occupancy rules. However it was suggested that the mechanism for mitigating the impact on rural communities required further consideration. In this regard reference was made to the recommendation by the Environment, Food and Rural Affairs Committee that communities of fewer than 3,000 people should be exempted.

J Thurso MP indicated that he continued to make representations on this matter and that he had provided the Secretary of State for Work and Pensions and Lord Freud with proposals for exempting communities based on the eight fold classification of rural deprivation, pointing out that this would cover many areas in the Highlands.

D Alexander MP advised that he was not convinced the size of communities was the best way forward, and referred to other potential alternatives such as increasing Discretionary Housing Payments to focus on sparsely populated areas.

During further discussion on this item it was proposed that the Council bring forward proposals for exempting communities in the Highlands for submission to the MPs and their response. The MPs also emphasised that discussions at an officer level should be progressed between the DWP and the Council in this regard.

Thereafter all parties agreed that they would continue to explore ways of mitigating the impact of the under-occupation rules on Highland tenants.

In connection with this item reference was made to correspondence between the Council and Lord Freud on the under occupancy policy, and Members expressed concern at the terms of the response from Lord Freud. The local MPs were circulated with copies of the correspondence for their attention and they requested that any future Council correspondence on this issue be copied to them, and vice versa.

In connection with the above J Thurso MP questioned whether there was any scope to examine the pricing of social sector rents in rural areas, for example to reflect such factors as market conditions. The Chair explained that currently the Council was moving towards equalisation of rents across the Highlands on a phased basis. However he confirmed that the Council would produce a paper for J Thurso MP on the scope to review the pricing structure for Council rents in Highland on the basis requested.

Thereafter, discussion focused on Discretionary Housing Payment (DHP) funding from April 2014. D Alexander MP confirmed that the UK Government had made provision for continued DHP funding after April 2014 and advised that discussions were now ongoing as to the level of funding required. He also noted that in the current year DHP funding had been increased by the UK and Scottish Governments.

In response to questions the Head of Exchequer and Revenues reported that the additional DHP funding had allowed the Council to revisit some applications and also in some cases to extend entitlement over the whole year. However he expressed concern at the impact on some individuals and families should the level of funding be reduced in future years.

In discussion D Alexander MP advised that the key issue in regard to this item was the need to seek continued DHP funding for sparsely populated areas.

The Chair emphasised to the Highland MPs the importance of the level of DHP funding from April 2014 being confirmed by December 2013, to assist the Council in setting its budgets for the next financial year.

Thereafter it was **AGREED** that:-

- i. the Highland MPs and the Council would continue to explore ways of mitigating the impact of the under-occupation rules on Highland tenants;
- ii. the Council bring forward proposals for exempting communities in the Highlands for submission to the MPs and their response;
- iii. discussions at an officer level also be progressed between the DWP and the Council in this regard;
- iv. any future Council correspondence on under occupancy be copied to the MPs, and vice versa;

- v. a paper be prepared for John Thurso MP on the scope to review the pricing structure for Council rents in Highland, for example to reflect factors such as the market conditions in an area; and
- vi. that confirmation be sought in regard to continued DHP funding for sparsely populated areas such as the Highlands.

## **Universal Credit**

### Proposed Solutions:

- *develop data sharing arrangements by 25 November 2013 with social sector landlords in Highland to enable two-way sharing of relevant information;*
- *create a model which will enable the DWP to electronically accept and process bulk rent increases from social landlords; and,*
- *promote the importance of effective communication with all stakeholders; and*
- *undertake to provide local authorities with the migration timetable within a reasonable timescale to enable strategic, operational and workforce planning to be developed.*

In regard to the proposed solutions the Chair sought a commitment from the MPs that these be taken forward to ensure the process was as streamlined as possible for the Council, other social sector landlords and tenants.

D Alexander MP pointed out that the Universal Credit Pathfinder applied only to new claims and the simplest cases, and therefore would involve a relatively small number of cases for some considerable period of time. However he acknowledged that a common sense approach was required to ensure that data sharing arrangements and systems were developed to allow the Council and the DWP to operate as effectively as possible and also to support people back into work.

The Chair observed that the briefing note also contained an update on progress with the Local Support Service Framework and ongoing local discussions in this regard.

## **Universal Credit – Safeguarding and Switch Back of Payments**

### Proposed Solutions

- *the ‘Switchback’ process needs to provide assurances to landlords that payment will be immediately switched to landlords in those cases where a direct payment has been requested on the basis that a tenant is in arrears or struggling to pay their rent;*
- *landlords also need to be assured that where a claimant has received appropriate support to enable them to manage their finances, that landlords are notified of the date that payments will be switched back to the tenant;*
- *consent mandates need to provide an on-going consent for the life of a Universal Credit claim unless retracted by the claimant;*
- *establish opportunities for local authority and CAB Money Advice Officers to ‘opt in’ for accreditation to ‘certify’ when switch back arrangements should be implemented. Such certification would result in immediate switchback to safeguard both the landlord and tenant. Similar arrangements already exist in the form of the Scottish Certificate of Sequestration*

The Chair advised that clarity was being sought on at what point ‘switchback’ could be applied, the length of time to complete the process and how landlords would be engaged. The Council was particularly concerned that the process be as transparent and streamlined as possible for landlords and tenants. The Head of Housing explained that the current understanding was that the Council would not know when a tenant was on universal credit unless told by the tenant and would not be able to proactively seek a switchback when a tenant fell into arrears.

The MPs confirmed that there was an acceptance by the Secretary of State for Work and Pensions and Lord Freud that some claimants would not be capable of managing their rent payments. D Alexander reported that Lord Freud had made a speech on this matter in June 2013, and had confirmed that certain categories of tenants would have to remain on direct payments of rent from the start of universal credit. He undertook to check on progress with the implementation of that policy commitment.

In discussion the Chair requested that clarity also be provided around the statutory position in regard to the switchback process particularly in relation to the process for alerting and engaging with landlords, and tenant consent.

Following further discussion it was **AGREED** that:-

- i. D Alexander MP check on progress with the UK Government's policy commitment that certain categories of tenants would remain on direct payments of rent on the introduction of Universal Credit; and
- ii. clarity also be provided on the statutory position in regard to the 'Switchback' process particularly in relation to the process for alerting and engaging with landlords, and tenant consent.

### **Digital Inclusion**

#### Proposed Solution

- *additional investment is essential to support digital inclusion. The funding provided by the DWP to support the Local Support Services Framework needs to be sufficient to help meet the cost challenges of enabling people in the Highland to have better digital access.*

Arising from this item J Thurso MP confirmed that he would take forward the issue of alternative claim arrangements being provided for people in those areas of Highland with no or limited broadband connection. He noted that there was a precedent in this regard which he could use as an example referring to the alternative arrangements put in place by Her Majesty's Revenue and Customs in respect of VAT returns for those living on the north coast of his constituency in areas where there was no broadband connection.

A point was also raised in regard to the fact that currently there was no facility to save applications online, and therefore if there was an interruption in broadband then the claimant would have to re-start the process. The Chair indicated that it would be helpful if J Thurso MP could also take this point forward on behalf of the Council, and also if clarity could be provided around the method for allocating DWP funding to local authorities to support the Local Support Services Framework.

### **Claimant Commitment**

#### Proposed Solutions

- *any sanctions that are imposed need to be realistic. Legislation needs to reflect the issues faced in rural and remote areas where access to employment opportunities, transport links and childcare provision are often limited and prevent a real barrier to work; and,*
- *DWP to increase the flexibility of the claimant commitment to accommodate those who are furthest from the job market and need more support; this should not be restricted to just those that are homeless. There must be clearer communication about welfare reform and the sanction regime to ensure Jobcentre Plus staff, homelessness and advice services, and other organisations can work together to provide people with the support they need.*

In regard to the sanctions regime D Alexander MP explained that local Job Centre staff could exercise discretion on individual cases within certain guidelines. He also emphasised that the purpose of Universal Credit was to improve the incentives to encourage people into work, and he sought further information on any work being carried out by the Council and DWP in this regard.

It was confirmed that the Council was progressing a range of measures through its Employability Service in conjunction with the DWP, and other organisations such as Skills Development Scotland, in relation to job creation and supporting people back to work. It was confirmed that this issue would also be covered as part of the Local Partnership Agreement with the DWP.

It was **AGREED** to provide the MPs with further information on range of activity being undertaken by the Council around employability to support people back into work.

It was further **AGREED** that it would be helpful to hold a further meeting between the Council and the MPs in approximately six months time following the local introduction of Universal Credit and that the issues around employability be included as an item on the agenda for that meeting.

The Chair referred to the solutions detailed above and requested that the MPs explore the opportunity for the remote and rural circumstances of the Highlands to be reflected in the rules relating to the application of sanctions, with particular reference to issues such as transport links, travel to work distances, and child care provision.

Thereafter the MPs were provided with further information on the implications of the benefit cap and the economic impact of the reductions made to the Housing Benefit system in the Highlands.

In conclusion of this item D Alexander MP indicated that he had a number of questions on the figures provided in the briefing note and that he would write to the Chair in this regard requesting a detailed breakdown of some of the statistics. He also advised that it would be helpful if further information/examples of the impacts of welfare reform policy changes on specific individuals could be provided.

It was **AGREED** that on request D Alexander MP be provided with a detailed breakdown of the figures set out in the report and further information/examples of the impacts of welfare reform policy changes on specific individuals.

The meeting ended at 12.05 pm.