

Agenda Item	5
Report No	CIA/37/13

## Inverness Common Good Fund Scheme for Winter Payments Proposals for 2013/14

### Joint Report by Director of Finance and Inverness City Manager

#### Summary

This report follows on from the revision of the Winter Payment Scheme for 2012/13. Analysis of the operation of the Scheme for 2012/13 is detailed in the report together with recommendations allowing the scheme to effectively function within budgetary constraints in a sustainable way for Winter 2013/14.

#### 1. Background

- 1.1 The Winter Payments Scheme (the Scheme) is designed to benefit those members of the community most in need of financial support during the winter, when extra fuel is needed. This was the original intention of what was called 'The Provost's Coal Fund'.
- 1.2 At the time it was created (prior to the 1940's when the present benefits system started to take shape) it was one of the few options for those most in need to obtain relief from a public source.
- 1.3 The position today is very different. A wide range of benefits is available and this report analyses those benefits likely to be recommended for inclusion in the Scheme (**Appendix 1** shows a breakdown of the general benefits available to claimants).

#### 2. Scheme for Winter 2012/13

- 2.1 For winter 2012/13 the Scheme paid out benefit for people in the Burgh of Inverness and Landward areas who qualified for Pension Credit Guarantee without the requirement to have a disability benefit and in two separate tiers to claimants where there was no wage earner in the household with a maximum of one claim per household. The qualifying criteria for the first tier was as follows:
  - Claimants in receipt of:
    - Income Support;
    - Income-based Job Seekers Allowance; or
    - Income-based Employment Support Allowance

**and**

  - there was someone in the property that was entitled to:
    - Attendance Allowance; or
    - Disability Allowance at the middle or high rate care component.
    - War Pension

To qualify for a first tier Winter Payment, the claimant was required to

demonstrate that there were no residents in the household in receipt of a wage either at the time of claim or in the previous 6 months or with capital over £6000. The amount awarded for the first tier was £37 per household.

For winter 2012/13 the Scheme made a second tier payment targeted at those living in accommodation which had poor energy efficiency. Home Energy Scotland (HES) formerly known as The Energy Saving Scotland Advice Centre (ESSac) were involved. HES gave energy efficiency advice to claimants, and those living in the poorest energy efficient homes received a further one off (second tier) payment of £31.

- 2.2 The number of payments made in Winter 2012/13 were 1,103. Total expenditure for the scheme was £34,799. £13,089 of this sum was allocated to the second tier payment made through HES. An allocation of £42K has been made in the 2013/14 Inverness Common Good Fund Revenue Budget.
- 2.3 The Customer Income Maximisation Team helped a number of people who applied for the Scheme in 2012/13 with known savings which amounted to annual gains of £26,444. Outcomes included helping residents claim Housing Benefit, Council Tax Benefit, Attendance Allowance, Disability Allowance, Employment Support Allowance, Pension Credit and Carers Allowance.

### **3. Scheme Review for Winter 2013/14**

#### **3.1 Objectives are to:**

- provide a Scheme which contributes to alleviate any hardship experienced by those most at risk within the community;
- establish a payment level which balances the need to frame the Scheme within the resources available, whilst still remaining meaningful to claimants;
- take all practicable steps to ensure that the Scheme will be sustainable for future years without the need to liquidate Fund assets; and
- recognise the impact as far as the Council reasonably can, of increasing domestic energy prices.

#### **3.2 Proposals for 2013/14**

3.2.1 Retain similar qualifying criteria as 2012/13 which targeted people on means tested benefits who also qualified for Attendance Allowance, Disability Allowance or a War Pension and also to include two new benefits recently introduced i.e. Personal Independence Payment and Armed Forces Independence Payment. The only change would be for people who qualify for Pension Credit Savings Credit to be included who also have a resident in the property entitled to the benefits listed in this paragraph.

Cases would be referred (with resident's permission) to HES unless the applicant indicates that they do not wish an energy efficiency assessment.

3.2.2 If the 1<sup>st</sup> payment (which was £37 in 2012/13) were to increase by the Consumer Prices Index figure of 2.9%, this would give an award of £38 per qualifying household. Applying this criteria to the 2<sup>nd</sup> Payment (which was £31 for 2012/13) would give an award of £32 per qualifying household.

Statistics gathered by the Council show that home energy prices have risen at

an average rate of 3% for Electricity and 3.8% for Gas over the period Qtr. 1 2012 to Qtr. 1 2013. This averages at 3.4%. Therefore instead of only applying the CPI to assess the increase it is proposed that from now on, the Committee agree that both the 1<sup>st</sup> and 2<sup>nd</sup> payments will be increased in line with the CPI plus average increases in energy costs.

In consequence it is recommended that the 1<sup>st</sup> payment be increased to £40 (2.9% CPI + 3.4% average energy costs) and the 2<sup>nd</sup> payment be increased to £33, using the same formula. This would give a total of £73, per qualifying household.

#### **4. Proposals for Future Operation of the Scheme**

- 4.1 If the Committee agree to continue to fund the Scheme, based on the criteria suggested above, operation of the Scheme should not result in the revenue balances of either of the two Benevolent Funds falling into deficit.
- 4.2 If the recommendation was adopted the likely spend would fall within the budgetary allocations available from revenue balances in the two Benevolent Funds and the Inverness Common Good Fund.
- 4.3 In the event that the two Benevolent Funds available budget being exhausted, payment to support the operation of the scheme for the Landward Areas from the Common Good Fund is competent. The additional involvement of HES raises the level of reflected benefit on the Burgh by reducing the burden on Services by helping keep people warm within their own homes
- 4.4 The Committee will be aware that there are major changes to the Welfare Benefits system under the Welfare Reform Act and that these changes have already started to make an impact on claimants. It may therefore be prudent to wait for the outcomes of these welfare reform changes before making any major changes to the Scheme for Winter Payments.

#### **5. Blythswood Care Food Hamper Scheme**

- 5.1 In recognition of the increasing demands being placed on this Scheme and in view of the valuable life-line that food hampers provide to families in times of extreme need, it is proposed that £10,000 be donated from the Common Good Fund to the Blythswood Care Food Hamper Scheme.

#### **6. Publicity**

- 6.1 A number of different ways to inform the public of the Winter Payments Scheme are proposed and include public notice in the Inverness Courier, a news release, communications news/advert via Moray Firth Radio, Highland Council website, messaging on social media Twitter and Facebook, posters at various locations including libraries and Church magazines. Sharing of information with organisations like Highland Senior Citizens Network and Citizens Advice Bureau (CAB). This comprehensive mix of publicity should assist in getting the message to our prospective applicants.

#### **7. Climate Change and Disability Implications**

- 7.1 There are positive implication for climate change and people with a disability.

## 8. Legal Implications

- 8.1 In the event that the recommended option is agreed to, the Council will be in full compliance with all its legal obligations as it will be putting a Scheme in place that is financially sustainable and meets all audit standards.

## 9. Resource Implications

- 9.1 If uptake exceeded the expected level, then funds would be drawn from revenue balances of the Common Good Fund to meet the obligations under the scheme for 2013/14. Noting the extended criteria, it anticipated that the current budget of £42K may need to be increased by £15K making a total of £57K.

### Recommendation

The Committee is invited to agree to run the Winter Payment Scheme for the City of Inverness and Landward areas of the seven City Wards for the year 2013/14 on the following basis:

- i. that the Scheme operates for Winter 2013/14 based on a one tier application process (including a referral to HES) targeted at people on means tested benefits who also qualify for Attendance Allowance, Disability Living Allowance, Personal Independence Payment, Armed Forces Independence Payment and War Pension and for people on Pension Credit Guarantee Credit without the requirement to have a disability benefit;
- ii. that in addition to applying the Consumer Prices Index (CPI) to assess any potential increase that from now on, both the 1st and 2nd payments will also be increased in line with average increases in energy costs in addition to the CPI;
- iii. that the first payment be set at £40 and, should the applicant be successful, an additional payment (second payment) of £33 based on meeting HES criteria be also made;
- iv. that the budget set aside within the City of Inverness Common Good Fund, for 2013/14 be increased from £42K to £57K;
- v. that only one claim can be made per household and no person shall be entitled to claim under more than one category of payment; and no residents in the household are in receipt of a wage either now or in the last 6 months or have capital over £6,000; and
- vi. a donation of £10,000 is made to Blythswood Care for the Food HamperScheme.

Designation: Director of Finance

Designation: Inverness City Manager

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### Breakdown of General Benefits Available to Claimants

There are various Welfare Benefits available to people depending on their circumstances. Pension Credit, which has 2 elements, i.e. Guarantee Credit and Savings Credit are both available, subject to qualification, when people reach 60 or 65 years of age respectively (the minimum age is rising in stages between April 2010 and April 2020 to 65.)

Pension Credit guarantee credit is a means tested benefit based on income and savings and is intended to give a guaranteed minimum income at 2013/14 rates of £145.40 a week for single claimant, and £222.05 a week for couples.

Pension Credit Savings Credit is a means tested benefit for people aged 65 or over with a total weekly income of less than £181 a week for single people and £266 a week for couples. The savings credit can be up to £18.06 a week for single people and £22.89 a week for a couple.

Income Support is a means tested benefit based on income and savings for those people who do not have enough money to live on and are aged between 16 and the age Pension Credit starts. Income Support weekly payment levels vary dependent on age. Single people receive between £56.80 to £71.70 a week, while couples receive between £56.80 and £112.55 a week.

Job Seeker's Allowance (Income Based) is also a means tested benefit based on income and savings. To receive Job Seekers Allowance claimants must be below pension age, capable and available for work and actively seeking work.

Single people receive up to £56.80 and £71.70 a week dependent on age and couples receive up to £112.55 a week.

Employment and Support Allowance (Income Based) is another means tested benefit for people who have an illness or disability that affects their ability to work. This benefit was introduced to replace Incapacity Benefit and Income Support on the grounds of disability. Single people receive between £56.80 and £106.50 a week.

Incapacity Benefit, which was replaced by Employment and Support Allowance from 27 October 2008, is still being paid to people who have been in receipt of this benefit for a long time. People who are sick or disabled and unable to work receive between £76.45 and £101.35 a week. People in receipt of this benefit will be phased onto Employment and Support Allowance between now and 2014.

Attendance Allowance is payable to people of 65 years and over. It is available to people regardless of income and capital based on their health and personal care needs, as long as the qualifying criteria are met. There are 2 rates available based on health of £79.15 a week and £53.00 a week depending on debility.

Disability Living Allowance is payable to people under the age of 65 years and is also available regardless of income and capital, as long as the qualifying criteria is met. There are Mobility elements of higher and lower, and a Care element of lower, middle and higher. The care middle rate is £53.00 a week and the Care higher rate is £79.15 a week.

The number of people in receipt of these benefits in the Inverness area, who were in receipt of Council Tax Reduction as at July 2013, was as follows:

Pension Credit Guarantee	1549
Pension Credit Savings Credit	500
Income Support	676
Job Seekers Allowance(Income Based)	634
Employment Support Allowance (Income Based)	1024
Incapacity Benefit	94

<u>Total</u>	<u>4477</u>
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Attendance Allowance	446
Disability Living Allowance (care) Middle	562
Disability Living Allowance (care) Higher	407

<u>Total</u>	<u>1415</u>
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