

The Highland Council
Resources Committee – 27 August 2014

Agenda Item	5
Report No	RES/ 26/14

Welfare Reform Update

Joint report by Director of Finance and Director of Community Services

Summary

This Report provides information on the current status of Universal Credit and other Welfare initiatives. It also provides financial monitoring information for 2014/15, covering the Council's considerable involvement in this area of work.

1. Background

- 1.1 This report forms part of a regular update on all issues relating to Welfare Reform. At the last meeting of this Committee members raised a number of issues and concerns.
- 1.2 Matters relating to the social and economic impacts of Welfare Reform, reduction in welfare expenditure, and eligibility for European funding were discussed at the Welfare Reform Working Group on 15 August. A minute of that meeting is included in today's Committee papers.
- 1.3 Analysis which had been conducted of recently published information on sanctions was circulated to members on 18 June.
- 1.4 At paragraph 3.8 reference is made to a forthcoming opportunity to discuss the issue of Personal Independence Payments with DWP.
- 1.5 The latest statistics are outlined in Appendix 1.

2. Universal Credit

- 2.1 Coverage of Universal Credit was extended on 30 June 2014 to allow new claims from couples. Hammersmith, Bath, Rugby, Harrogate and Inverness now take new claims from couples as well as from single people.
- 2.2 In addition to new claims for couples, DWP have introduced further amendments including:
 - removing the bar on people claiming with a current Housing Benefit or tax credit award
 - removing the bar on people claiming with a JSA or ESA award that ended within 2 weeks

- 2.3 Although these changes increase the scope for potential claimants, we do not expect to see a significant increase in the numbers of claimants claiming Universal credit due to the other qualifying conditions that apply.
- 2.4 Over 600 new single claims have been made at Inverness Jobcentre since Universal Credit went live in November 2013. Locally 65% of Universal Credit Claimants have gone into employment, and this includes over 250 people moving into full-time work.
- 2.5 The number of Council Tenants known to be affected by Universal Credit continues to be low. At 1 August 2014 Community Services are aware of 15 tenants who have made a claim to Universal Credit. However the impact on these claimants and implications for wider roll out are significant.
- 2.6 Of the 15 Universal Credit claimants, all are currently in arrears with their rent. To date four requests have been made for 'switchback payments' on the basis that these tenants have accrued two months or more of rent arrears. Of these requests, two 'switchback payments' have been put in place so far by the Department for Work and Pensions.
- 2.7 Five tenants have commenced rent payments from their Universal Credit entitlement. A further 5 have reported changes to their circumstances which impact on their ongoing entitlement to Universal Credit payments. Staff will continue to monitor all of these cases and target advice and assistance to help those affected.
- 2.8 Although the normal eligibility criteria for claiming Universal Credit currently exclude claims from people who are homeless or residing in temporary accommodation there are some tenants in temporary accommodation where Universal Credit has applied. These have created some additional problems in relation to housing costs.
- 2.9 During May 2014, Community Services surveyed a sample of tenants most likely to be affected by the changes from the current welfare benefit system to Universal Credit. The aim of the survey was to notify tenants of the forthcoming changes to the welfare benefit system and collect data on:
- Digital inclusion
 - Financial inclusion
 - Vulnerability and support needs
- 2.10 Surveys were sent to Highland Council tenants of working age (aged 18 to 60½), in receipt of maximum housing benefit, who reside in the Inverness Jobcentre Plus postcode catchment area. The Inverness Jobcentre catchment area covers Highland Council Wards 6,10,13,14,15,16,17,18,19,20 and 21.

2.11 Of the 1104 questionnaires issued, 354 responses have been received. This represents a 32% response rate.

2.12 Analysis of the survey responses highlighted the following key points:

- 43% of respondents stated they needed help to fill in forms.
- 44% of respondents do not have access to the internet either at home or locally.
- 51% expressed they needed 'a lot' or 'some' help in relation to their internet skills.
- Although 92% of respondents stated they have a bank account, only 53% have a current account.
- 55% of respondents currently pay their other household bills by cash. (The cost of cash transactions to the council is greater than other payments methods).
- 37% of respondents stated they would need 'some' or 'a lot' of help to manage their monthly budgeting.
- 3 out of 4 respondents have indicated they are affected by issues relating to health, disability, debts or addiction which may make it difficult for them to manage their Universal Credit payment.

2.13 The results of this survey have identified a number of key areas of support which need to be explored further. These relate to:

1. General advice and signposting – this relates to the provision of advice on claiming Universal Credit and signposting to digital access, budgeting support tools and employability services to empower the customer to self-serve.
2. One-off or short term support – this relates to the provision of support to claimants who may need assistance to make an initial claim for Universal Credit but may require more than one session to enable them to increase their skills in relation digital, financial and employability services.
3. Longer term and ongoing support – For those claimants identified as having a longer term need, they will be referred to specialised services for support. These services may include Housing Support providers, Debt and money advisers, numeracy and literacy skills development etc.

2.14 The full findings of this survey have been reported to the Welfare Reform Working Group for consideration and further action.

3. Personal Independence Payment

3.1 As part of the reform of the welfare system, Disability Living Allowance (DLA) was abolished and replaced by Personal Independence Payment (PIP) for people aged 16 to 64 on or after 8 April 2013. In the Highland Council area claims to Personal Independence Payment started on 10 June 2013.

- 3.2 A new claimant completes a form, and then most applicants have to attend a face-to-face assessment to determine eligibility. These assessments have been carried out via the private contractors Atos Healthcare and Capita Business Services.
- 3.3 A huge backlog in face-to-face assessments has resulted in significant delays for people waiting to receive their Personal Independence Payments. Feedback from both our Customer Income Maximisation team and CABx has highlighted that some residents in the Highlands who are affected by this delay have to wait 6-9 months for a decision on their claim.
- 3.4 Each new PIP claim is worth between £21 and £134 a week to disabled claimants. The PIP award will be backdated to the initial 'date of claim'.
- 3.5 In February 2014, a report was published by the National Audit Office (NAO). Amyas Morse, Head of the National Audit Office said 'the Department did not allow enough time to test whether the assessment process could handle large numbers of claims. As a result of this poor early operational performance, claimants face long and uncertain delays and the Department has had to delay the wider roll-out of the programme.'
- 3.6 The report contains a number of significant recommendations including:
- The Department for Work and Pensions should help claimants to anticipate likely delays, even if it is difficult to measure the expected time taken to process individual claims; and
 - The Department for Work and Pensions should review all of its major operating assumptions and how in practice they affect the speed and quality of decisions, not just those assumptions that relate to the performance of assessment providers.
- 3.7 At the beginning of July 2014, the Secretary of State for Work and Pensions, Iain Duncan Smith said Personal Independence Payment waiting times will be down to a maximum of 16 weeks by the end of the year -

'We made the deliberate choice to introduce PIP in a controlled and phased way.... the delays faced by some people are unacceptable, and we are committed to putting that right. Already we have introduced a dedicated service to fast-track terminally ill people, and that is down to around 10 days and below. The Public Accounts Committee has said that too many people have waited longer than six months. By the autumn, no one will be waiting longer than six months, and before the end of the year, no one will be waiting for more than 16 weeks, which brings things back into line with where we were expecting them to be.'

3.8 Members will be interested to note they will be invited to a presentation on 30 September 2014 where representatives from the Department for Work and Pensions will give a briefing on Personal Independence Payment.

4. Digital Inclusion

4.1 BT have published their findings about the social benefits of getting online which are worth more than £1,000 a year to someone using the internet for the first time. The findings are part of an independent study, commissioned by BT, to calculate the social value of using the internet. The research placed a monetary figure on being online. For someone using the internet for the first time, this was calculated at £1,064 and comes from a combination of benefits ranging from financial savings and improved employment opportunities to reduced feelings of isolation and improved confidence.

4.2 Citizens Online is a national charity that was set up to tackle the issues of digital inclusion, to make sure that the Internet is available to everybody and to help individuals and communities understand and gain the benefits of being online.

4.3 The Highland Council has contributed towards the funding of an inner Moray Firth Project Co-ordinator with Citizens Online. The Co-ordinator took up post during July 2014 and their remit includes working in partnership to improve digital inclusion that can be both sustainable and scalable.

5. Foodbanks

5.1 The demand for foodbanks continues to grow in the Highlands. Highland Foodbank which is part of the Trussell Trust's UK-wide foodbank network has recently opened new foodbanks in Dingwall (March 2014), Nairn (May 2014) Alness & Invergordon (May 2014), South Skye & Lochalsh (May 2014) and Tain (July 2014).

5.2 The new foodbanks are in addition to existing projects in Inverness, Aviemore, Fort William, Thurso and Kyle meaning the Highland Foodbank network now has 10 projects throughout The Highland Council area.

6. Welfare Fund (Scotland) Bill

6.1 The Welfare Fund (Scotland) Bill, which the Scottish Government introduced to the Scottish Parliament on 10 June 2014 aims to put the Scottish Welfare Fund (SWF) on a more permanent statutory footing. If the Bill is passed, it will provide certainty to stakeholders that local welfare provision will continue in Scotland following the abolition of the discretionary Social Fund by the Department for Work and Pensions.

- 6.2 The draft Bill proposes placing a duty on Local Authorities (LAs) to deliver the SWF, in line with regulations and guidance that may be issued by Scottish Ministers. Local Authorities have been delivering the Scottish Welfare Fund on an interim basis, under a voluntary agreement between the Scottish Government and CoSLA, since April 2013.
- 6.3 The Scottish Government plans to work with CoSLA, Local Authorities and others to refine the draft regulations, with a view to consulting on them, alongside draft statutory guidance, once the Bill is sufficiently progressed.
- 6.4 It should be noted the situation in England is different. The local welfare assistance schemes currently support those on low incomes in England with emergency or crisis costs. In February 2014 the Department for Work and Pensions (DWP) made a decision to cease dedicated funding to the Department for Communities and Local Government (DCLG) for the delivery of local welfare assistance schemes from April 2015 onwards.
- 6.5 Critically, DWP and DCLG did not place a duty on Local Authorities to provide equivalent support to the Social Fund. Nor did they ring-fence the funds. This means that from April 15, local authorities in England will not offer any emergency support through a 'Welfare Fund'. Some Local Authorities have already closed their schemes early due to budgetary pressures.

7. **European Union Migrants**

- 7.1 On 29 July 2014 the Prime Minister announced that European Union migrants' entitlement to out-of-work benefits is to be 'cut off' after 3 months:

'... we are announcing today that we are cutting the time people can claim these benefits for. It used to be that European arrivals could claim jobseeker's allowance or child benefit for a maximum of six months before their benefits would be cut off, unless they had very clear job prospects. I can tell Telegraph readers today that we will be reducing that cut-off point to three months, saying very clearly: you cannot expect to come to Britain and get something for nothing.'

Although still to be confirmed, it is expected that the new rules will be introduced from November 2014.

- 7.2 These new plans will build on changes introduced in January 2014 that mean European migrants now have to wait three months after arriving in Britain before claiming out-of-work benefits. Under the current rules, these claimants can claim for six months.

The Council retains a duty to provide accommodation and homeless services for any EU migrant during this initial three month period, although people would have no entitlement to welfare benefits during this

period. We are currently monitoring the impact on temporary accommodation budgets.

As a result of the announcement above, after the initial three months, migrants will only be able to claim benefits for three months unless they have "very clear job prospects".

8. Financial Monitoring Report

8.1 As agreed at the last meeting of this Committee there is a need to provide more detailed information that links budgeted spend with the delivery of policies, and to link this with desired outcomes. Whilst the Council has to comply with various regulations and legal restrictions, it is important to understand the movements in the financial information, the reasons behind these, and consider what action the Council has available to address these.

8.2 Gross Expenditure on welfare amounts to some £68m, and as stated previously, carries some significant financial risks for the Council. Equally there are opportunities to deliver efficiency savings through effective processing of benefit claims, and to ensure that resources are targeted to achieve the best possible outcomes for clients where regulations allow.

8.3 The first financial monitoring statement is attached at Appendix 2. Most budgets have been set based on national grant allocations, the main exception being Benefits where the budget is based on previous years' experience.

At this early stage in the financial year a small underspend of £0.137m is forecast. The main reasons for this are listed below.

8.4 Housing Benefits

Gross expenditure is forecast to be lower than the original budget, based on a reducing caseload but taking account of rent increases applied by both the Council and Registered Social Landlords. There will be a reduction in grant funding required from DWP and therefore there is no net impact on the budget.

The Committee is however asked to note that the level of subsidy received is partly dependent on the performance of the Council in awarding benefits correctly and timeously. The Committee, at its last meeting, approved budget savings that are predicated on an improved level of performance. Performance statistics are reported as a separate item on today's agenda.

8.5 Council Tax Reduction (CTR)

Although expenditure is reducing, resulting in a forecast spend that is £0.339m below the budget provision, there has been a very slight increase in the 2014/15 caseload (19,542 at April 2014) when compared with 2013/14 (19,430).

The main reason for this reducing expenditure relates to the way in which the UK Government has increased the benefits and other components used to calculate entitlement to council tax reduction. The impact of Government measures is therefore to reduce the qualifying amounts on which Council Tax Reduction is calculated.

The net impact on this however is to require customers to pay more Council Tax themselves. As reported elsewhere on today's agenda there is a small reduction in cash collected over the first quarter of this year.

8.6 **Scottish Welfare Fund (SWF)**

The fund nationally provides for 3 priority levels when assessing eligibility-High, Medium and Low. Local authorities decide which priority level(s) should operate at any given time in order to ensure available funds can be directed at those most in need. Details of the different priority levels are attached at Appendix 3.

In view of the budgetary position and the increasing local demands on the scheme, both Crisis Grants and Community Care Grants are currently operating at High and Medium priority for Highland residents.

This budget is expected to overspend by £0.202m, largely offsetting the reduced expenditure on Council Tax Reduction. This overspend will also reflect a net underspend in 2013/14 of £150,000, with these resources brought forward into the Highland Council Welfare Fund in the current financial year.

8.7 **Discretionary Housing Payments (DHP)**

The Council has seen a significant increase of 11% in awards of DHP over the first quarter of this year. Principally this is in respect of alleviating the impact of Under Occupancy as a consequence of net rents increasing for those affected, and increased take-up; but the Council has also increased payments in respect of other factors, such as Local Housing Allowance and the Benefit Cap.

As a result the Council is struggling to manage the demand within the existing budget allocation from the DWP and Scottish Government. At present therefore, full spend of this budget is anticipated.

8.8 **Highland Council Welfare Fund**

Resources Committee, at its previous meeting, agreed to establish a Welfare Fund to provide resources for preventative measures. The initial sum available, confirmed at the meeting of Highland Council in June, is £1.166m. A future report on proposed use of this Fund will be presented to this Committee for consideration, following discussion at the Welfare Reform Working Group.

9. Implications

- 9.1 Resource implications are set out in the paper. There are no legal; climate change/Carbon Clever; risk or Gaelic implications.
- 9.2 Rural Implications – the report highlights a range of issues that particularly impact on rural areas.
- 9.3 Equalities – the whole report seeks to consider and address the issues arising from welfare reforms that impact on poverty and vulnerability.

Recommendation

The Committee is asked to note limited progress by the Department for Work and Pensions on several Reform fronts, and a continuation of (and related investment in) mitigation measures by the Council and partners in support of the most vulnerable in the Highland area.

Designation: Director of Finance and Director of Community Services

Date: 19 August 2014

Authors: Derek Yule, WDD Lamont and David Goldie

Background Papers:

[Personal Independence Payment: early progress - National Audit Office \(NAO\)](#)

<http://www.btplc.com/Betterfuture/ConnectedSociety/Valueofdigitalinclusion/index.htm>

[m](#)

[Welfare Funds \(Scotland\) Bill - Parliamentary Business : Scottish Parliament](#)

Welfare Reform MI

Appendix 1

Under occupation rules - 26/06/14

Summary – 14% reduction	
	No of Properties
Council tenants	1393 (66%)
HA tenants	707 (34%)
Total	2,100

Summary – 25% reduction	
	No of Properties
Council tenants	315 (79%)
HA tenants	86 (21%)
Total	401

Summary – combined	
	No of Properties
Council tenants	1708 (68%)
HA tenants	793 (32%)
Total	2,501

Number of tenants in arrears, value of arrears and movement in quarterly periods – for Highland Council tenants only: *data as June 14					
Period	Total number of arrears	Value £	+/- % Movement since Qtr. 4 12/13	Number +/-	Value £ +/-
30-Apr-14	588	£168,853	2.6%-	136-	£4,638-
27-May-14	570	£168,223	3%-	154-	£5,268-
25-Jun-14	569	£162,667	6%-	155-	£10,824-

Number of transfer applicants affected and movement in quarterly periods – for Highland Housing Register: *data as Apr 14		
Number of applicants	+/- % Movement since Qtr. 4 12/13	Number +/-
328	(+)4%	(+)13

Benefit Cap at 29/06/14

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	£120 - £139.99
Local Authority	1	4	2	1	1	1	1
Housing Association	4	1			3	1	
Private rent	2	1		1			

Housing Benefit Appeals

Number of appeals received with a comparison to the previous financial year			
April 2013 Appeals/Reconsiderations	2 / 35	April 2014 Appeals/Reconsiderations	1 / 31
May 2013 Appeals/Reconsiderations	0 / 28	May 2014 Appeals/Reconsiderations	2 / 26
June 2013 Appeals/Reconsiderations	0 / 36	June 2014 Appeals/Reconsiderations	0 / 24

Discretionary Housing Payments

	Apr-14	May-14	Jun-14	Year to Date
Number of awards made in-month	2,809	597	150	3,556
Award Reasons				
Under Occupation:	2,612	516	105	3,233
Benefit Cap:	12	6	6	24
Other:	185	75	39	299
Total amount paid and committed in-month	£1,607,512	£114,229	£49,189	£1,770,930

Scottish Welfare Fund

	Apr-14	May-14	Jun-14	Year to date
Crisis Grant				
Application Approved	303	322	308	933
In month award total	£21,456	£22,171	£19,065	£62,692
Average CG award	£71	£69	£62	£67
Community Care Grant				
Application Approved	153	102	116	371
In month award	£78,995	£79,079	£79,589	£237,663
Average CCG award	£516	£775	£686	£641

FoodBank MI

Inverness & Nairn

Vouchers issued	Adults fed	Children fed	Total fed
1,148	1,404	361	1,765
Top 3 reasons why voucher issued: 1. Benefit delay 2. Low income 3. Benefit changes			

Data taken from Distributors report 1st Jan 14 - 31st July14

Highland foodbanks (exc Inverness & Nairn)

Vouchers issued	Adults fed	Children fed	Total fed
381	504	209	713
Top 3 reasons why voucher issued: 1. Benefit delay 2. Low income 3. Benefit changes			

Data taken from available Distributors report 1st Jan 14 - 31st July 14

Appendix 2

WELFARE BUDGET 1 April 2014 to 30 June 2014	ACTUAL YTD £000	ANNUAL BUDGET £000	ESTIMATED OUTTURN £000	VARIANCE
Housing Benefits				
- Rent Rebates	6,990	27,960	26,675	(1,285)
- Rent Allowances	6,114	24,456	23,920	(536)
	13,104	52,416	50,595	(1,821)
Council Tax Reduction Scheme	3,085	12,680	12,341	(339)
Scottish Welfare Fund				
- Community Care Grants	238	555	786	231
- Crisis Grants	63	246	217	(29)
	301	801	1,003	202
Discretionary Housing Payments	565	2,261	2,261	0
Advice Services				
- Money Advice	59	244	244	0
- Income Maximisation	46	182	182	0
- Citizens Advice Bureau	300	1,270	1,270	0
	404	1,696	1,696	0
GROSS WELFARE BUDGET	17,460	69,854	67,896	(1,958)
Income				
DWP - HB Subsidy	(13,074)	(52,295)	(50,474)	1,821
DWP – DHP's	(393)	(1,179)	(1,179)	0
	(13,467)	(53,474)	(51,653)	1,821
NET WELFARE BUDGET	3,993	16,380	16,243	(137)

Scottish Welfare Fund

The Scottish Government's Scoring Matrix

	High	Medium	Low
Need	Immediate Severe	Less immediate Less severe	Not time critical
Vulnerability	Highly	Moderately	Some resilience
Consequences of no grant to health/ wellbeing	Significantly adverse	Moderately adverse	No identifiable effect
Effect of grant	Immediate Substantial	Noticeable	Minor