

The Highland Council

Resources Committee – 25 November 2015

Agenda Item	15
Report No	RES/ 106/15

Welfare Reform Update

Joint report by Director of Finance and Director of Community Services

Summary

This Report provides comprehensive information on the current status of Universal Credit and other Welfare initiatives. It also makes available financial monitoring information, 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. The latest statistics are outlined in **Appendix 1** and budget monitoring is set out in **Appendix 2**.

2. Changes to Tax Credits

- 2.1 The UK Government announced plans in its Summer Budget to reduce the income threshold for both working and child tax credits. In September 2015 MPs voted by 325 to 290 to approve the draft Tax Credits (Income Thresholds and Determination of Rates) (Amendment) Regulations 2015 that will make three changes to the tax credit system to come into force from 6 April 2016:
- a reduction in the working tax credit threshold from £6,420 to £3,850 and the child tax credit threshold from £16,105 to £12,125;
 - an increase in the taper rate (by which benefit is reduced when income exceeds the threshold) from 41 per cent to 48 per cent; and
 - a reduction in the income rise disregard from £5,000 to £2,500
- 2.2 Beyond the universal entitlements to free school meals for P1-3 and 600 hours of annual early learning and childcare for 3 and 4-year-olds, other children can receive free school meals and early learning and childcare as 'passported benefits' if their parents/carers are in receipt of one or more welfare benefits, this includes entitlement to working and child tax credits.
- 2.3 The Scottish Government estimate the changes to working tax credits and child tax credits will result in around 22,000 pupils in Scotland between the ages of 3 to 15 losing their entitlement to free school meals. In the Highlands, there are currently 9,548 pupils across primary and secondary schools eligible for free school meals with an uptake of 7,240 pupils (76%). It is unclear at this stage how many pupils would be affected by the changes to Tax Credits.
- 2.4 The Scottish Government intends to ensure that those currently eligible for 'passported benefits' will remain so by seeking Parliamentary approval for amendments to the relevant regulations, to come into force from April 2016.

- 2.5 On Monday 26 October 2015, The House of Lords voted to delay its consideration of regulations introducing tax credit cuts until the Government provide a transitional protection scheme and respond to the Institute for Fiscal Studies (IFS) impact analysis of the cuts.
- 2.6 Following debate peers voted by 310 to 99 against a motion declining to approve the regulations.
- 2.7 However, peers went on to vote by 307 to 277 in favour of an amendment to the motion to approve, delaying consideration of regulations until the Government lays a report before the House, detailing their response to the analysis of the draft regulations by the Institute for Fiscal Studies (IFS), and considering possible mitigating action.
- 2.8 Peers also voted by 289 to 272 in favour of an amendment to the motion to approve delaying consideration of the regulations until the Government, (1) following consultation, have reported to Parliament a scheme for full transitional protection for a minimum of three years for all low-income families and individuals currently receiving tax credits before 5 April 2016; such transitional protection to be renewable after three years with parliamentary approval, and (2) have laid a report before the House, detailing their response to the analysis of the draft Regulations by the IFS, and considering possible mitigating action.
- 2.9 The Chancellor of Exchequer has confirmed he will continue to reform tax credits and set out transitional measures in the Autumn Statement on 25 November 2015.

3. The Scotland Bill

- 3.1 On 2 November 2015 the UK Government laid amendments designed to strengthen the Scotland Bill 2015. The new amendments will be debated in the House of Commons on 9 November 2015.
- 3.2 The amendments proposed to the Scotland Bill include:
- Making it clear that the UK Government has no veto on welfare changes introduced in the Scottish Parliament;
 - An amendment to strengthen the permanence of the Scottish Parliament; will include a provision that the Scottish Parliament or government will not be abolished without the agreement of the Scottish people through referenda;
 - Further flexibility to the Scottish Parliament on benefits in relation to carers by removing the definition of a relevant carer to give flexibility in designing new benefits for carers;
 - Enable the Scottish Parliament to legislate to provide for forms of non-financial assistance with a view to reducing maternity expenses, funeral expenses or expenses for heating in cold weather;
 - There will no longer be a cap on the amount of discretionary financial

assistance an individual who is in receipt of a reserved benefit can receive to assist with rental costs;

- Universal Credit will remain a reserved benefit to be administered and delivered by the Department for Work and Pensions, and Scottish ministers to make decisions about varying the housing costs within Universal Credit for claimants who rent their homes, as well as deciding when to pay those housing costs direct to landlords.

3.3 The Smith Commission Agreement was agreed by the 5 main parties in Scotland. The new devolution package will give the Scottish Parliament control of around £11bn of income tax revenues and responsibility over welfare benefits worth approximately £2.7bn. The Secretary of State announced in October 2015 that the Scottish Parliament should take full control of their new powers from 2017.

4. Universal Credit

4.1 In the published official Universal Credit statistics for September 2015, The Highland Council area has had approximately 1,821 claimants who have completed the Universal Credit claim process and accepted their Claimant Commitment. In the Highland Council area 1,241 claimants are still claiming Universal Credit of which approximately 432 are in some form of employment.

Universal Credit and Council Tenants

4.2 At the 30 September 2015, the number of known current tenants in receipt of Universal Credit has risen to 173. This represents 1.25% of the Council's housing stock.

4.3 Of these cases, 156 households (90%) are in arrears with their rent. The Council requests Alternative Payment Arrangements (APA's) from the DWP in respect of all vulnerable tenants and those who have reached the two month arrears trigger point for a direct payment. During September 2015, the Council received 80 direct payments on behalf of Universal Credit claimants.

4.4 As previously reported the number of cases affected and the impact on rent arrears is difficult to quantify. This is due in the main to the movement of individual tenants on and off Universal Credit, and lack of data relating to the flow of Universal Credit claims.

4.5 Currently, the average rent arrear of a mainstream household in receipt of Universal Credit is £710.27 this is around 2.3 times higher than the average rent arrear of £315.76 per household for all other secure tenancies.

4.6 The table below details the breakdown of Universal Credit cases and arrears values by accommodation type.

Impact on Housing Rent Arrears (Live cases)					
30 Sep 2015	Number of UC cases	Number of cases in arrears	Percentage of cases in arrears (%)	Cumulative rent arrears	Average rent arrears per household
All Highland Council Universal Credit Cases	173	156	90%	£113,871	£729.95
Mainstream Tenancies	166	150	90%	£106,540	£710.27
Temporary Accommodation	7	5	71%	£7,169	£1433.98
All Secure Tenancies					
		4835		£1.526m	£315.76

Universal Credit – Temporary Accommodation

- 4.7 The impact of Universal Credit on tenants in temporary accommodation continues to be a concern. Under Universal Credit Regulations, the amount of housing costs payable to tenants in temporary accommodation is subject to the appropriate local housing allowance rate.
- 4.8 The Chancellor announced in the UK Government's Summer Budget that local housing allowance rates would be frozen for four years from April 2016. This means that some tenants, particularly those under 35 will be subject to the maximum rate for 2015/16 of £59.04 ('Shared Room Rate') towards their housing costs per week for the next four years. This is a particular concern to us as analysis of those staying in temporary accommodation in June 2015 showed 59% were under 35.
- 4.9 An examination of the impacts of affordability in the Council's different types of temporary accommodation has established that the most affordable temporary accommodation is that which is owned by the council.
- 4.10 Due to the concerns around affordability and to mitigate the impacts of welfare reform, it was agreed by the Community Services Committee in August 2015 to review the Council's approach to the provision of temporary accommodation. Community Services intends to review the Council's current model of provision, where the majority of homeless accommodation is sourced from the private sector, to a future model where the majority of homeless accommodation will be provided from within the Council's stock with specialist supported accommodation, which is exempt from Universal Credit, sourced as and when required.

4.11 In order to mitigate the impact of Universal Credit for tenants residing in temporary accommodation, the Council will:

- Explore the most appropriate temporary accommodation options available for each tenant.
- Prioritise moving tenants to more affordable accommodation as soon as possible, where it has been identified that tenants are unable to afford their accommodation due to the local housing allowance rates.

4.12 The impacts of Universal Credit on former tenants in temporary accommodation are significant. Up to the 30 September 2015, 25 tenants who were in receipt of Universal Credit have vacated their temporary accommodation.

4.13 The table below details the impact on rent arrears for these cases.

30 Sep 2015	Number of cases	Number of cases in arrears	Percentage of cases in arrears (%)	Cumulative rent arrears	Average rent arrears per household
Former Tenants of Temporary Accommodation	25	20	80%	£30,393	£1,544

4.14 These former tenant debts are being pursued through the standard debt recovery procedure as outlined in the Former Tenant Arrears Policy.

4.15 Council officers and Citizens Advice Bureaux continue to provide advice and support on a case by case basis to affected households.

Universal Credit Partnership Engagement

4.16 On the 9th September 2015, a joint workshop was held with representatives from the Council, DWP, other social landlords and the voluntary sector. The workshop focused on the importance of early intervention in the Universal Credit customer journey.

4.17 The emphasis of the day was to ensure that support is provided to vulnerable claimants in relation to their engagement with services, personal budgeting and helping them to understand and meet the requirements of their claimant commitment whilst claiming benefits.

4.18 The key messages from this event were:

- The current UC data sharing difficulties and improving communication between key stakeholders
- Ensuring prompt referrals and interventions for vulnerable clients
- Awareness raising of available support services to stakeholders and the public
- Sharing of innovative ideas and sharing good practice

4.19 A group represented by the Council, DWP and Social Landlords has been set up to take forward the key issues from the workshop.

5. Foodbanks

5.1 A new report by the Child Poverty Action Group (CPAG) in Scotland, in association with the Trussell Trust and Oxfam Scotland, highlights that gaps in the social security safety net are the key reasons why people in Scotland are turning to food banks.

5.2 The report builds upon UK-wide research which found that for between half and two thirds of food bank users interviewed, the immediate trigger for food bank use was linked to problems with benefits (including waiting for benefits to be paid, sanctions, problems with Employment Support Allowance) or missing tax credits.

5.3 The Scottish report tells the stories of six families who accessed food banks in central Scotland. It uses their experiences to highlight opportunities for the Scottish Government and local authorities to protect children at risk of the income crises at the heart of food bank use.

5.4 The report makes a series of recommendations for Scottish policy makers, which include:

- Investing in local income maximisation, benefits and debt advice;
- Ensuring that affordable, reliable transport is available locally;
- Removing financial barriers to local services such as schools and health services;
- Facilitating access to emergency financial support like crisis grants;
- Using future social security powers to be devolved to Scotland to boost family income;
- Using public purchasing power and wider influence to improve the practice of employers.

5.5 Local figures show that, in the first 8 months (Jan-Aug) of 2015, 3,652 people, including 1,097 children have been provided with three day's emergency food by Trussell Trust food banks in the Highlands. The number of people referred during the 12 month period in 2013 was 4,056 (inc 1,103 children) and in 2014 was 5,254 (inc 1,340 children); an increase of 30% in demand.

5.6 The Scottish Welfare Fund, administered by the Council, also provides assistance to applicants for food when awarding Crisis Grants and Community Care Grants. Since the implementation of the fund on 1st April 2013, £335,860 has been award specifically for food:

- 01/04/2013 – 31/12/2013: £47,156
- 01/01/2014 – 31/12/2014: £174,202
- 01/01/2015 – 30/09/2015: £114,502

6. Benefit Sanctions

6.1 During October 2015 the UK Government responded to the Work and Pensions Committee's report *Benefit Sanctions Beyond the Oakley Review*.

6.2 In their response, the Government outlined a series of policy changes to the current sanctions system which includes:

- trialling early next year a system whereby claimants are given a warning of the intention to sanction and a 14 day period to provide evidence of good reason before the decision to sanction is made. During this time, claimants will have another opportunity to provide further evidence to explain their non-compliance. The DWP will then review this information before deciding whether a sanction remains appropriate;
- reintroducing automated Job Seekers Allowance (JSA) sanction notifications on the basis recent analysis showed notifications were only being sent in around 93 per cent of cases;
- issuing new guidance to Jobcentre Plus staff to improve awareness of vulnerability and how conditionality can be varied; and
- accepting in principle the need to make hardship payments available from day one of a sanction, removing the necessity of a separate application process for hardship payments for vulnerable claimants and those with dependent children, and extending the definition of groups considered 'at risk' for hardship purposes to include those with mental health conditions and those that are homeless.

6.3 The Council's own analysis of the published DWP official statistics on the number of sanctions applied in the period April 2014 to March 2015 found a total of 922 decisions to apply a JSA sanction in the 6 Jobcentres in The Highland Council area. It also highlights between 0% - 10.10% of JSA claimants had been sanctioned in a Jobcentre on any given month.

6.4 Appendix 3 to this report provides a full analysis of sanctions in the Highland Council area.

7. The Bankruptcy and Debt Advice (Scotland) Act

7.1 The Bankruptcy and Debt Advice (Scotland) Act came into force on 1st April 2015. This Act introduced a suite of measures, including the Minimal Asset Process, which offers debt relief quickly and at less than half the cost of an application for bankruptcy under the previous equivalent scheme for those on low incomes i.e. £90 instead of £200 fee. This Act is the latest element in the Scottish Government's vision of a Financial Health Service for Scotland, which commenced with the launch of the Scotland's Financial Health Service web portal in December 2014.

7.2 The Bankruptcy and Debt Advice (Scotland) Act introduces mandatory money advice for people seeking access to statutory debt relief instruments such as sequestration to ensure debtors are matched with the solution that best fits their needs and circumstances. The Act also introduces the Common

Financial Tool for money advisers and The Highland Council's Money Advice Senior was a member of the Accountant in Bankruptcy's working group to support development of this tool.

- 7.3 The Common Financial Tool is aimed at ensuring a fair assessment of client's financial circumstances with a view to the equitable treatment of debtors and creditors. Two new IT systems (bankruptcy and the Common Financial Tool) have been developed by the Accountant in Bankruptcy and it is expected that the vast majority of bankruptcy applications will be made online.
- 7.4 Whilst these developments are to be welcomed, this does mean that all those seeking any statutory debt solution such as bankruptcy or a Debt Arrangement Scheme (DAS) now do have to seek advice from an approved adviser (such as The Highland Council or Citizens Advice Bureaux) or they will have to pay an additional fee to a fee-charging debt advice provider.
- 7.5 The need to obtain advice should ensure the client enters the debt solution which is best for them; however this does have an impact on money advice resources, not least because many clients who seek help from advice providers in the Highlands struggle to provide all the paperwork required to meet the more stringent requirements of the new Act.

8. Tackling funeral poverty

- 8.1 The Scottish Government has commissioned a new report to look at ways of relieving the financial burden and debt that bereaved relatives and friends face when organising a funeral.
- 8.2 In October 2015, figures released in Royal London's National Funeral Cost Index found that funeral costs averaged at £3,481 compared to £1,815 in 2005 which is a 92 per cent increase in Scotland. Last year Citizens Advice Scotland reported a 35 per cent increase in the number of clients faced with funeral debt. Rising costs are due to pressures on burial space, changes to regulation and rising charges. Costs are expected to continue to rise in the coming years.
- 8.3 Social Justice Secretary Alex Neil has asked the chair of the Scottish Working Group on Funeral Poverty, John Birrell, working with Citizens Advice Scotland, to come up with a series of recommendations to address the rising costs of funerals.
- 8.4 Mr Neil said: *"As a result of the Smith Commission, we will have powers over funeral payments, but it's clear that this is just only one part of the challenge of tackling funeral poverty. John Birrell's report will look at how the Scottish Government can take a more coordinated approach which will help bereaved families on low incomes organise a respectful funeral without taking on unsustainable debt."*
- 8.5 Funeral Payments for people on low incomes are made by the Department for Work and Pensions and are currently reserved. The Smith Commission recommended that the Regulated Social Fund, including funeral payments,

should be devolved to Scotland.

8.6 The Council has produced a Funeral Guide – *Help with Funeral Costs* which is circulated to funeral directors in the Highlands and available online to support customers who are unaware of the financial assistance with funeral costs which is available in certain circumstances. The guide is available on The Highland Council website at the following link:
http://www.highland.gov.uk/downloads/file/6194/burial_and_cremation_charges_2015 .

8.7 The Highland Council's Burial and cremation charges 2015 are available on The Highland Council website at the following link:
http://www.highland.gov.uk/downloads/file/6194/burial_and_cremation_charges_2015

9. Scottish Legal Aid Board Projects update

9.1 At the end of March 2015 the joint project 'Highland Social Housing – Under Occupancy Assistance Scheme, secured additional funding from The Scottish Legal Aid Board's 'Making Advice Work' programme to extend their project to prevent homelessness and tackle housing debt problems.

9.2 The project aims to provide a comprehensive package of support and advice to those social housing tenants who fall into the following categories:

- *Social Sector Size Criteria* - delivering debt and housing options as appropriate to tenants affected by under occupancy.
- *JSA Claimants* - JSA claimants account for 1 in 7 presentations to advice services, with an average debt owed to 5 debtors. Advice around budgeting and debt can be provided to anyone in arrears who is a jobseeker.
- *Sanctions* – delivering budgeting and debt advice to tenants affected by benefit sanctions.
- *16 to 26 Year Olds* – Average housing debt is higher for tenants who are not in receipt of Housing Benefit.

9.3 The Highland Council's Benefits & Welfare team was awarded additional funding in March 2015 by the Scottish Legal Aid Board to continue the Reaching the Unreached project work until September 2016. Advisers from the Council's Money Advice team work very closely with Community Services officers and Registered Social Landlords to assist families retain their homes when under imminent threat of eviction or repossession.

9.4 From the project inception in October 2013 until 30th October 2015, this team has undertaken urgent interventions with 305 families and in close collaboration with the Council's Customer Income Maximisation team have obtained backdated financial gains of £146,407 plus annual gains of £388,648 for families across the whole of Highland.

- 9.5 The majority of the families assisted have multiple issues which impact on non-payment of rent and council tax; the work of the team focuses on supporting and financially educating these families to maintain regular payments to rent and council tax.
- 9.6 Full debt options are provided for these families rather than 'quick fixes' such as bankruptcy to remedy an emergency situation. Housing officers (both in-house and social landlords) work effectively with money advisers in the project team to identify a longer term and more sustainable solution. This approach has included cases which are at the point of eviction and a period of grace has enabled the prevention of homelessness.

10. Big Lottery Project update

- 10.1 The Highland Council's Benefits & Welfare team commenced partnership working on the Money Matters Highland, Big Lottery funded project, which covers the Cromarty Firth and Nairn areas. This project involves working jointly with local Registered Social Landlords, Pentland Energy Advice, Inverness, Badenoch and Strathspey CAB and others.
- 10.2 The Council's adviser co-locates in Albyn Housing's Invergordon office to provide money and benefits advice and assistance to families referred by housing officers. To date, 32 families have been supported generating annual financial gains of £13,755. The project is still in its infancy having started in July 2015; however, feedback from stakeholders has been very positive about this joint working initiative.

11. Financial Monitoring Report

- 11.1 The financial monitoring report can be found at Appendix 2. At this stage of the financial year, an underspend of £0.602m is reported at Council Tax Reductions. Members are reminded that the main reason for this reducing expenditure relates to the way in which DWP has increased benefits and other components used to calculate CTR entitlement. The impact of these measures is therefore to reduce the qualifying amounts on which CTR is calculated.

12. Implications

- 12.1 Resource implications are set out in the paper. There are no legal; climate change/Carbon Clever; risk or Gaelic implications.
- 12.2 Rural Implications – the report highlights a range of issues that particularly impact on rural areas.
- 12.3 Equalities – the whole report seeks to consider and address the issues arising from welfare reforms that impact on poverty and vulnerability.
- 12.4 Poverty – the whole report aims to acknowledge current welfare issues which exacerbate the causes of debt and poverty within the Highlands.

Recommendations

The Committee is asked to:

- note the proposed changes to Child and Working Tax Credits scheduled to be implemented from April 2016;
- continue to monitor the impact that Universal Credit is having on Council rent arrears and the mitigating actions Community Services is implementing to temporary accommodation provision;
- note the policy changes the UK Government are introducing to the current benefit sanction system and the impact of sanctions on JSA claimants in the Highlands during 2014/15;
- note the changes to debt relief and the reduced costs arising from The Bankruptcy and Debt Advice (Scotland) Act plus the inclusion of mandatory money advice for those seeking relief
- support the positive outcomes arising from the Scottish Legal Aid Board funded projects and the ongoing project funded by the Big Lottery; and
- note the management information and budgetary position provided in the appendices to this report.

Designation: Director of Finance and Director of Community Services

Date: 13 November 2015

Authors: Allan Gunn, Head of Revenues and Business Support and
David Goldie, Head of Housing

Background Papers:

<http://www.cpag.org.uk/content/hard-choices-reducing-need-food-banks-scotland>

<http://www.cas.org.uk/system/files/Real%20Deal%20-%20Funeral%20Costs.pdf>

Welfare Reform Report – November 15**Under occupation rules - 25/09/15**

Summary – 14% reduction	
	No of Properties
Council tenants	1,371 (66%)
HA tenants	700 (34%)
Total	2,071

Summary – 25% reduction	
	No of Properties
Council tenants	309 (77%)
HA tenants	90 (23%)
Total	399

Summary – combined	
	No of Properties
Council tenants	1,680 (68%)
HA tenants	790 (32%)
Total	2,470

Number of tenants in arrears, value of arrears and movement in quarterly periods – for Highland Council tenants only:*data as Oct 15 - UC claims affected by Under Occupancy are included in this information.					
Period	Total number of arrears	Value £	+/- % Movement since Qtr. 4 12/13	Number +/-	Value £ +/-
28-Apr-15	590	£185,677	7%+	134-	£12,186+
25-May-15	574	£183,880	6%+	150-	£10,389+
26-Jun-15	589	£183,834	6%+	135-	£10,343+
25-Jul-15	590	£188,726	8.8%+	134-	£15,235+
25-Aug-15	574	£177,999	2.5%+	150-	£4,508+
25-Sep-15	612	£208,300	20%+	112-	£34,809+

Number of transfer applicants affected and movement in quarterly periods – for Highland Housing Register: Oct 15		
Number of applicants	% Movement since Qtr. 4 14/15	Number +
263	4.56%	12

Benefit Cap at 04/10/15

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	1	1	3	1		1
Housing Association	2	1				1	1
Private rent							1

Housing Benefit Appeals

Number of appeals received with a comparison to the previous financial year			
April 2014 Appeals/Reconsiderations	1 / 32	April 2015 Appeals/Reconsiderations	0 / 47
May 2014 Appeals/Reconsiderations	2 / 33	May 2015 Appeals/Reconsiderations	0 / 32
June 2014 Appeals/Reconsiderations	1 / 25	June 2015 Appeals/Reconsiderations	0 / 46
July 2014 Appeals/Reconsiderations	0 / 29	July 2015 Appeals/Reconsiderations	0 / 49
August 2014 Appeals/Reconsiderations	0 / 29	August 2015 Appeals/Reconsiderations	0 / 49
September 2014 Appeals/Reconsiderations	0 / 29	September 2015 Appeals/Reconsiderations	0 / 46

Discretionary Housing Payments

	Qtr 1	Qtr 2	Year to Date
Number of awards made in-month	5,240	764	6,004
Award Reasons			
Under Occupation:	4,761	550	5,311
Benefit Cap:	7	1	8
Other:	472	213	685
Total amount paid and committed in-month	£1,765,045	£66,003	£1,831,048

Scottish Welfare Fund

	Qtr 1	Qtr 2	Year to date
Crisis Grant			
Application Approved	767	794	1,561
In month award total	£48,931	£53,192	£102,123
Average CG award	£64	£67	£65
Community Care Grant			
Application Approved	256	290	546
In month award	£116,220	£154,704	£270,924
Average CCG award	£454	£533	£496

FoodBank MI

Inverness & Nairn

Vouchers issued	Adults fed	Children fed	Total fed
1,227	1,469	630	2,099

Top 3 reasons why voucher issued: 1. Benefit delay 2. Low income 3. Benefit changes

Data taken from Distributor report 1 January 2015 - 31 August 2015

Highland foodbanks (exc Inverness & Nairn)

Vouchers issued	Adults fed	Children fed	Total fed
860	1,086	467	1,553

Top 3 reasons why voucher issued: 1. Benefit delay 2. Low income 3. Benefit changes

Data taken from available Distributors report 1 January 2015 - 31 August 2015

Appendix 2

WELFARE BUDGET 1 April to 30 September 2015	ACTUAL YTD £000	ANNUAL BUDGET £000	ESTIMATED OUTTURN £000	VARIANCE
Housing Benefits				
- Rent Rebates	13,638	26,174	26,174	0
- Rent Allowances	13,240	24,695	24,695	0
	<u>26,878</u>	<u>50,869</u>	<u>50,869</u>	<u>0</u>
Council Tax Reduction Scheme	11,685	12,287	11,685	-602
Scottish Welfare Fund				
- Community Care Grants	271	555	555	0
- Crisis Grants	102	246	246	0
	<u>373</u>	<u>801</u>	<u>801</u>	<u>0</u>
Discretionary Housing Payments	1,024	1,925	1,925	0
Advice Services				
- Money Advice	110	249	249	0
- Income Maximisation	113	239	239	0
- Citizens Advice Bureau	833	1,325	1,325	0
	<u>1,056</u>	<u>1,813</u>	<u>1,813</u>	<u>0</u>
GROSS WELFARE BUDGET	41,016	67,695	67,093	-602
Income				
HB Subsidy	(25,717)	(50,749)	(50,749)	-
Discretionary Housing Payments	(402)	(1,726)	(1,726)	-
	<u>(26,119)</u>	<u>(52,475)</u>	<u>(52,475)</u>	<u>-</u>
NET WELFARE BUDGET	<u><u>14,897</u></u>	<u><u>15,220</u></u>	<u><u>14,618</u></u>	<u><u>(602)</u></u>

Sacntions : Job Seekers Allowance

Please note: Stat-Xplore is a system used by DWP to provide benefit statistics including data relating to Jobseekers Allowance (JSA) sanction decisions. Recording and clerical errors can occur and as a result DWP stress:

- that **no reliance** should be placed on very small numbers obtained through Stat-Xplore;
- data for the most recent months will be subject to a high degree of revision.
- numbers of sanction decisions and decision outcomes can change due to reconsidered decisions and appeals.

1. Introduction

1.1 From October 2012, new sanctions rules for Job Seekers Allowance (JSA) were introduced:

- 3 categories of sanction – ‘higher’, ‘intermediate’ and ‘lower’ – depending on the nature of the failure;
- different levels of sanction for first, second and third failures;
- changes to the date a sanction starts.

These new rules broadly align the rules for JSA sanctions with the rules for Universal Credit. Appendix A gives further details.

1.2 Previously, a sanction started from the beginning of the benefit week after the Decision Maker (DM) decided to impose the sanction. However, to ensure that claimants see the consequences of their actions or inactions sooner, the new rules enable DMs to impose sanctions at a time closer to the such actions or inactions. The new sanction period begins either:

- on the first day of the benefit week in which the action or inaction occurred, if the claimant has not been paid JSA for that week
- on the first day of the benefit week following the date the claimant was last paid JSA

1.3 Universal Credit sanctions are not included in these statistics on the basis that DWP do not currently make these statistics available.

2. The Highland Council area

2.1 Highland has a relatively high proportion of part time workers and experiences greater seasonal fluctuations in unemployment than the rest of the country due to the nature of the dominant service sector economy. These factors mean residents in the Highlands and other rural areas in the UK face many more complexities when demonstrating compliance of conditionality for their benefits compared to those living in an inner city.

2.2 The Council's analysis of the published DWP official statistics regarding the number of sanctions applied between April 2014 to March 2015 shows within the 6 Jobcentres in The Highland Council area between 0% - 10.10% of JSA

claimants have been sanctioned in a Jobcentre on any given month.

2.3 A total of 922 decisions to apply a JSA sanction were made during the 12 month period. The number of JSA sanctions applied within each of the 6 Jobcentres highlights wide variations in the number of sanctions being applied at a local level:

Dingwall:

- 110 sanctions applied.
- June 2014 10.10% of the JSA case load was subject to a sanction.
- In 7 of the 12 months a sanction was applied to more than 5% of the JSA caseload.
- Sanctions were applied in all 12 months.

Fort William:

- 52 sanctions applied.
- June 2014 6.70% of the JSA case load was subject to a sanction.
- In 1 of the 12 months a sanction was applied to more than 5% of the JSA caseload.
- In 3 of 12 months no sanctions were applied.

Invergordon:

- 165 sanctions applied.
- June 2014 8.40% of the JSA case load was subject to a sanction.
- In 4 of the 12 months a sanction was applied to more than 5% of the JSA caseload.
- In 1 of 12 months no sanctions were applied.

Inverness:

- 381 sanctions applied.
- June 2014 8.40% of the JSA case load was subject to a sanction.
- In 1 of the 12 months a sanction was applied to more than 5% of the JSA caseload.
- Sanctions were applied in all 12 months.

Portree:

- 31 sanctions applied.
- September 2014 5.60% of the JSA case load was subject to a sanction.
- In 2 of the 12 months a sanction was applied to more than 5% of the JSA caseload.
- In 7 of 12 months no sanctions were applied.

Wick:

- 183 sanctions applied.
- June 2014 5.40% of the JSA case load received was subject to a sanction.
- In 1 of the 12 months a sanction was applied to more than 5% of the JSA caseload.

- Sanctions were applied in all 12 months.

3. Effect of a JSA Sanction on Housing Benefit and Council Tax Reduction

- 3.1 When a sanction is applied, entitlement to benefits will continue but will not be payable for a fixed period of time. Claimants who are receiving Housing Benefit and/or Council Tax Reduction, based on their entitlement to Job Seekers Allowance, continue to do so without interruption when a sanction is applied.
- 3.2 A sanction differs from a disallowance. If a claim is disallowed, the claim and payments cease under the normal rules; there is no underlying entitlement.

4. Effect of a Universal Credit Sanction on housing costs and Council Tax Reduction

- 4.1 When a claimant receives a sanction to their Universal Credit, their Universal Credit can be reduced from the overall award and not any specific element of that award. However, the amount of the sanction itself can never be more than the amount of the claimant's personal allowance element (or 50% of the personal allowance if a couple).

The sanction may be less than the claimant's personal allowance, depending upon the specific circumstances of the claim, but never greater than the personal allowance if there are no earnings (or other deductions) to take into consideration from the claimants award of UC (where the award consists of personal allowance and housing costs).

Claimants will continue to receive the 'balance' of their Universal Credit without interruption when a sanction is applied.

Date: 30 October 2015

Author: Sheila McKandie
Benefits & Welfare Manager
Finance Service

Failure	Lower level sanction Fixed period sanction for: <ul style="list-style-type: none"> • refusal/failure to attend an adviser interview • refusal/failure to participate in an employment programme or training scheme • refusal/failure to comply with a Jobseeker direction • refusal/failure to attend, or loses through misconduct a place on an employment programme or training scheme 	Intermediate level sanction Only applied following a period of disallowance for: <ul style="list-style-type: none"> • not being available for work • not actively seeking work 	Higher level sanction Fixed period sanction for: <ul style="list-style-type: none"> • leaving a job voluntarily without good reason • losing a job through misconduct • refusal/failure to apply for, or accept if offered a suitable job without good reason • refusal/failure to participate in mandatory work activity without good reason
First failure	4 weeks	4 weeks	13 weeks
Second failure	13 weeks	13 weeks	26 weeks
Third failure	13 weeks	13 weeks	156 weeks When JSA is reclaimed, if the claimant has been in work for 6 months or more and not claiming any income replacement benefits, then any balance remaining on their 156 week sanction will be lifted. The six months does not have to be a consecutive period.

**Jobseekers Allowance Sanctions - Decision to apply a sanction (adverse) by Jobcentre Plus Office,
1 April 2014 to 30 March 2015**

	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Dingwall	11	14	15	9	6	6	7	13	5	10	7	7
JSA claimant	169	163	149	132	127	127	120	142	160	176	183	159
% sanction	6.50%	8.60%	10.10%	6.80%	4.70%	4.70%	5.83%	9.15%	3.13%	5.68%	3.83%	4.40%
Fort William	5	5	10	5	5	5	5	5	7	0	0	0
JSA claimant	208	159	149	134	129	116	123	184	229	238	245	214
% sanction	2.40%	3.10%	6.70%	3.70%	3.90%	4.30%	4.07%	2.72%	3.06%	0.00%	0.00%	0.00%
Invergordon	17	14	31	15	11	15	18	7	6	0	12	19
JSA claimant	497	469	367	322	290	272	263	292	369	391	391	364
% sanction	3.40%	3.00%	8.40%	4.70%	3.80%	5.50%	6.84%	2.40%	1.63%	0.00%	3.07%	5.22%
Inverness -	43	34	66	37	27	30	24	28	21	24	21	26
JSA claimant	944	889	787	757	713	622	575	579	628	662	659	621
% sanction	4.60%	3.80%	8.40%	4.90%	3.80%	4.80%	4.17%	4.84%	3.34%	3.63%	3.19%	4.19%
Portree -	0	5	0	0	0	5	0	0	9	6	0	6
JSA claimant	165	126	104	94	89	90	103	159	176	184	190	163
% sanction	0.00%	4.00%	0.00%	0.00%	0.00%	5.60%	0.00%	0.00%	5.11%	3.26%	0.00%	3.68%
Wick -	23	12	30	13	17	15	18	20	5	10	5	15
JSA claimant	658	608	556	546	520	458	464	493	519	523	534	485
% sanction	3.50%	2.00%	5.40%	2.40%	3.30%	3.30%	3.88%	4.06%	0.96%	1.91%	0.94%	3.09%

Sources: Decision Making and Appeals System (DMAS) via Stat-Xplore / Claimant count with rates and proportions via Nomis