

REPORT TO: POLICY & RESOURCES COMMITTEE – 9 MARCH 2015

REPORT ON: WELFARE REFORM UPDATE

REPORT BY: DIRECTOR OF CORPORATE SERVICES

REPORT NO: 126-2015

1.0 PURPOSE OF REPORT

1.1 The purpose of this report is to update Members on the UK Government Welfare Reforms and the work being undertaken by the Council to mitigate the risks and prepare individuals for the Welfare Reform changes.

2.0 RECOMMENDATIONS

2.1 It recommended that the Policy and Resources Committee:

- Note the update on the work streams which have been identified to assist in preparing for the Welfare Reform changes.
- Note the announcement from the DWP on the rollout dates relating to Universal Credit and the transition from Disability Living Allowance (DLA) to Personal Independence Payment (PIP).
- Note the implications in terms of increased debt, potential increases in homelessness and demand for advice services from various organisations and the voluntary sector.
- Note the update on projects which have been established due to the successful external funding applications.

3.0 FINANCIAL IMPLICATIONS

3.1 The full financial impact of Welfare Reform for the City cannot yet be quantified. However, a report published by the Scottish Government on 11 April 2013 titled “The Impact of Welfare Reform in Scotland” and carried out by Sheffield Hallam University noted that the impact of Welfare Reform on Dundee’s economy would result in an estimated annual loss of £58m.

4.0 BACKGROUND

4.1 The Welfare Reform changes being introduced by the UK Government, as outlined in the following reports are currently being implemented by the Department for Work and Pensions (DWP):-

- Article V of the Minute of the Meeting of the Policy and Resources Committee of 10th December 2012, Report No. 438-2012 refers.
- Article V of the Minute of the Meeting of the Policy and Resources Committee of 24th June 2013, Report No. 301-2013 refers.
- Article V of the Minute of the Meeting of the Policy and Resources Committee of the 21st April 2014, Report No. 146-2014 refers.

5.0 UPDATE FROM WELFARE REFORM GROUP

5.1 Projects 1 – Universal Credit

The DWP announced at the end of last year that the national roll-out of Universal Credit to all jobcentres across the country will begin in February 2015. The rollout will be limited to new claims from single jobseekers, which would otherwise have been eligible for Jobseeker's Allowance, including those with existing Housing Benefit and Working Tax Credit Claims. The DWP has selected local authority areas and jobcentres and grouped these within tranches with different go-live dates:-

Tranche 1 - February 2015 to April 2015
 Tranche 2 - May 2015 to July 2015
 Tranche 3 –September 2015 – November 2015
 Tranche 4 – December 2015- April 2016.

DWP announced on the 16th February 2015 that Dundee City Council will be within Tranche 3. DWP have confirmed they are committed to working closely with the Council before confirming or announcing further details of the rollout schedule.

To prepare for the implementation of Universal Credit the Council has established a city wide working group which includes representation from the Council, DWP, voluntary sector and housing associations. The groups focus will be to ensure that appropriate preparation is undertaken prior to the rollout of Universal Credit. Joint working will be essential on areas such as communication, training, awareness raising and where possible deployment of resources to support individuals.

Awareness raising relating to the implementation of Universal Credit has already begun with information being available on the Council website. An awareness raising campaign was launched last year through the Support and Connect Team and more recently an information leaflet being included within the annual Council Tax Bills sent to all households within the City.

Local Support Services Framework (LSSF) now referred to as Universal Support Delivered Locally (USDL) is the product of joint working between Local Authorities (LAs) and The Department for Work and Pensions (DWP) Job Centre Plus (JCP) to develop an approach that ensures those who need support to make and manage a Universal Credit claim receive it. This support is tailored to the needs of the local population and is delivered in partnership between Local Authorities and DWP JCP.

The Council and the local DWP JCP submitted an expression of interest to pilot USDL within the City and were selected as one of the eleven Local Authorities within the UK to participate in the trial. The only other trial in Scotland is Argyll and Bute Council. The trial commenced on the 1st September and lasts for 12 months.

The pilot delivers a clear and coherent claimant centred service based on the strong partnership working already in place. The pilot project engages with a range of partnership focused services which deliver triage and digital skills to claimants to ensure they receive the support and skills required to move towards and into employment. The areas being trialled outlined below are:-

Triage

- Random sampling of new sign-ons within JCP who will be referred directly to a triage officer based in the city's employability hub, Discover Opportunities Centre (DOC).
- A control group will also be identified, monitored and tracked by the Project Co-ordinator.
- 2,000 claimants will go through this trial.

- The triage officers will undertake a client-centred needs assessment, recording pertinent information, identifying personal barriers, with a focus on digital barriers.
- Claimants will be referred to appropriate provision to meet needs, utilising existing services within the Employability Hub and others as required, including advice agencies offering more specialised support.

Digital

- During assessment, identify claimant skills and needs, source appropriate provision for claimant.
- Utilise existing provision delivered across the city.
- Identify gaps in provision and partnership funding to fill the gaps.

Partnership

- Dundee's existing employability partnership delivers customer-centred approaches and USDL builds on this model to support the claimant journey towards/into work.
- Maximise co-location opportunities within DOC and identify other potential co-location sites e.g. community centres, libraries.
- Mapping current digital provision and identifying gaps.
- Project Steering Group will monitor the allocation of funding to deliver joint services – utilising approach already in place in city.
- Implement data sharing protocols, moving from informed prior consent towards a more strategic approach to data sharing.

Partner organisations that have confirmed their support of the trial are: Craigowl Communities, Skills Development Scotland, Dundee & Angus College, 101 Project, NHS Tayside, Citizens Advice Bureau, Dundee Woman's Aid and Ad Action.

Funding for the partnership included within the USDL pilot is £106,500 which funds a Project Manager, IT tutors, and other costs associated with the pilot.

An evaluation of all the trials is being carried out by an external organisation appointed by the DWP.

5.2 Project 3 – Scottish Welfare Fund

The Scottish Welfare Fund commenced from 1 April, 2013. Article X of the Minute of the Meeting of the Policy and Resources Committee of the 14th January 2013 Report No. 491-2012 refers, sets out the local service delivery arrangements for the fund.

The administration of Crisis Grants and Community Care Grants is through Local Authorities and was initially for an interim period of two years; however this has been extended for a further 1 year.

The Welfare Funds (Scotland) Bill continues to progress through the legislative process in order to put the interim scheme into legislation. The Welfare Reform Committee's Stage One Report was published in early December 2014 which welcomed the Bill and noted it achieves its general aims and principles. The essence of the current scheme will remain the same with the main change being:-

- the proposal to introduce the Scottish Public Services Ombudsman as a second tier reviewer for those wishing to further appeal their award

The Bill has now successfully completed its second stage at the Scottish Parliament with the final stage scheduled for early March 2015. While it was initially envisaged that the permanent scheme would be introduced with effect from the 1st April 2015,

the Scottish Government has now advised that given there are still a number of arrangements to be put in place, including consulting on the regulations and guidance, this will be delayed. Local authorities have however received a letter of comfort from the Scottish Government to advise that given the stage of the Bill it is highly likely that local authorities will continue take on this role on a permanent basis.

The fulfilment options adopted by the Council has meant that the Scottish Welfare Fund Team has worked with Local companies, Social Enterprises and Supported Businesses within the City to provide designated sources for fulfilment of goods for Welfare Fund clients. This has not only resulted in the provision of high quality goods to vulnerable clients but has also resulted in 6 additional employment opportunities across participating businesses, including 1 modern apprenticeship and increased production for the bed team in supported employer Dovetail Enterprises from a 4 day to a 5 day week.

Dundee Energy Efficiency Advice Project (DEEAP) continues to provide support to Scottish Welfare Fund clients and engage with customers who are provided with an award for a fuel payment. The team visit the customer and provide the energy top-up, the team also provide energy advice, review tariffs and check eligibility for other grants.

Scottish Welfare Fund Dundee

Table 1 provides information as at the 13th February 2015 on the current volume of applications for Crisis Grants (CG) and Community Care Grants (CCG) and details on the level of grants which have been granted, refused and withdrawn.

Table 1

<u>CG APPLICATIONS</u>		<u>CCG APPLICATIONS</u>		<u>TOTAL APPLICATIONS</u>
TOTAL CG APPS RECEIVED		TOTAL CCG APPS RECEIVED		RECEIVED
5906		2480		8386
TOTAL CG APPS GRANTED		TOTAL CCG APPS GRANTED		GRANTED
4056		1398		5454
TOTAL CG APPS REFUSED		TOTAL CCG APPS REFUSED		REFUSED
1882		1015		2897
TOTAL CG APPS W/DRAWN		TOTAL CCG APPS W/DRAWN		WITHDRAWN
0		0		0

Table 2 provides information as at the 13th February 2015 on the current budget position relating to the Scottish Welfare Fund.

Table 2

	Average Award £	Actual Spend £	Budget £	Variance £
Crisis Grants	81	330,268	354,457	-24,103
Community Care Grants	656	916,659	986,180	-69,521

The Council estimate that the actual spend at 31st March 2015 will be higher than the budget, the planned overspend will be met by an underspend within the Scottish Welfare Fund during its first year of operation in 2013/14 which was carried forward into 2014/15.

5.3 Project 4 – Housing Services

In May 2014 the Scottish Parliament agreed to the allocation of £35m to mitigate the under occupancy reform commonly referred to as the “bedroom tax”. To enable Scottish Local Authorities to pay Discretionary Housing Payments (DHPs) relating to Under Occupancy, this required the UK Government to agree to lift the cap which was applied to the amount of Discretionary Housing Payments local authorities could pay. The powers were transferred by means of a Section 63 order under the Scotland Act 1998. Following the transfer, an order was made by Scottish Ministers to adjust the cap so that all local authorities could pay a DHP to fully mitigate the bedroom tax.

The £35m fund to mitigate the under occupancy reform has been allocated to Local Authorities, the Council’s allocation of the fund is £1.328m. £3m of the total fund is being held back until the end of the financial year to allow all Council’s to submit final year end figures. The remaining balance relating to DHPs for under occupancy will then be paid to Council’s to cover the full year spend taking into account the DWP element.

As at the 13th February 2015 the Council has paid DHPs of £1.768m relating to under occupancy and anticipate a further expenditure of £253k up to the end of March 2015.

As the mechanism for payment to mitigate the under occupancy reform was through the DHP scheme, individuals are still required to make an application, before payment can be made to their rent account. A one page application was developed by the Council to simplify the process. The Council contacted all those impacted by the under occupancy reform who were not in receipt of a DHP, confirmation was taken over the phone with applications being processed. No financial assessment was undertaken and the award was dated from the 1st April 2014.

The value of arrears at 20 February 2015 for those tenants who are currently identified as under-occupying their property is £365,606. The total arrears balance may include arrears prior to 31 March 2013.

Table 3 provides details on the number of Council tenants and Housing Association tenants impacted by the bedroom tax and who are in receipt of a DHP.

Table 3

	*Total Tenancies with Under-occupancy	*Number of DHPs in Place	%
Council	1,891	1804	95.4%
Housing Associations	847	788	93.0%
Total	2,738	2,592	94.6%

*As at the 13th February 2015

All households have been contacted to promote DHPs; however, some tenants have been unwilling to complete an application form even with their current rent account being in arrears. The Council continues to actively try to engage with all tenants impacted by the under-occupancy reform.

Changes to the amount of rent eligible for Housing Benefit purposes in respect of homeless accommodation, once Universal Credit is implemented will have an impact on the affordability of Council Temporary Homeless Accommodation. An action plan has been completed and being actioned at the present time.

The Homeless Service from April 2014 to January 2015 inclusive recorded an average of 26 presentations per month where affordability has been noted as the main reason for the presentation. This was mainly within the Private Rented Sector directly resulting from changes to Housing Benefit entitlement arising from Welfare Reform.

Article III of the Minute of the Meeting of the Housing Committee of the 11th February 2013 Report No. 50-2013 refers, agreed the Housing Incentive Scheme which continues to be promoted and offered to those tenants who are offered rehousing, either through the Council's waiting list or Housing Exchange. Since April 2014 to January 2015 there have been 71 successful Housing Incentive Scheme applications. The majority of applications have been from people wishing to downsize by one bedroom and most are taking the offer of both assistance with removal costs and carpeting. The average cost per applications is £650.

Benefit Cap

The Council continues to work in partnership with the Department for Work and Pensions Job Centre Plus to carry out joint interviews for households impacted by the Benefit Cap. Table 4 outlines the number of households and financial losses for those impacted by the Benefit Cap.

Table 4

Housing Sector	Number of Households Impacted	Reduction per week £	Range of Cap per week £
Council	23	£2,611	£4.20 to £457.75
Housing Associations	2	£104	£15.37 to £89.37
Private Sector	25	£1,277	£7.14 to £321.33

As at 13th February 2015

5.4 Project 5 – Supporting Initiatives

In December 2014, the DWP announced that for the first time, basic bank accounts will be truly fee-free helping people to manage their money without fear of running up an overdraft. The DWP advised that accounts will be available to anyone who does not already have a bank account or who can't use their existing account due to financial difficulty.

The Council are working with the DWP to establish what products are available within the City so that appropriate advice and assistance can be provided and prepare customers for Universal Credit. Credit Union services within the City continue to be promoted.

5.5 Project 6 – Employability and Learning

Community Learning and Development (CLD) and Leisure and Culture Dundee (LACD) continue to provide support to those impacted by the Welfare Reform changes. Since the implementation of the Welfare Reforms Community Job Shops have seen a significant increase in people attending looking for support in relation to Job Search, CVs and accessing their benefits on line. Appointments have been set up for people outwith the Job Shops to follow through with more intensive guidance and support for learning and employment. On average, the Job Shops attendance is about 20 people at each Job Shop. A large proportion of Learning and Guidance staff is taken up supporting the impact of Welfare Reform.

Training continues to be provided to Council staff on how Literacy and Numeracy difficulties impact on people accessing services and their ability to understand and access information.

Adult Literacy Support

There has been an increase in referrals, both self referrals and referrals from Jobcentre Plus for people who are being asked to undertake claimant commitment agreements but do not have the required level of literacy to both understand what they are being requested to do and to fulfil the required tasks. This has meant that a large percentage of the time for literacy staff is now spent working with people around aspects of conditionality and understanding what they have agreed to and getting skills to undertake job search. An advocacy role is involved whereby the literacy staff are having to advocate on behalf of the learner with Jobcentre Plus to deal with issues of sanctions which have been given to people who are not understanding what is required of them and who are unable to fulfil the written element of the agreements.

IT 4 Work

The demand for support for people to be able to develop the skills for job search and benefit claiming on line has increased. The Council was successful for a second year in its bid for funding from the Department for Work and Pensions' Flexible Support Fund, to develop the delivery of digital employability inclusion skills targeted to individuals who are not IT literate and have restricted internet access. The IT 4 Work project is being delivered in local community venues to people who are in receipt of benefits and will result in them gaining the necessary IT competency to seek work and engage with the changing Welfare System, this responds to the Government's intention for the reformed Welfare System to be "digital by default".

IT Tutors are working with individuals to develop the skills that they need to:-

- Access vacancies,
- Apply for jobs online.
- Engage with employers.
- Use the Universal Jobmatch.
- Claim benefits online.
- Engage with DWP using IT.
- Gain IT skills for employability.
- Independently use IT.

IT 4 Work operates within local communities in 25 different locations. Statistics from April 2014 to January 2015 show that 257 individuals enrolled on the IT 4 Work programme and at present 43 of these have successful job outcomes.

Co-working with the volunteer network, which is co-ordinated from Central Library, has seen volunteer tutors being placed in community libraries. This acts as a progression route from the structured IT4 Work classes, getting people to move to the public access IT in libraries receiving support from the volunteers

English for Speakers of Other Languages

English for Speakers of Other Languages (ESOL) is offered from Beginner to Intermediate level with part of the focus being on English required for work and citizenship. This helps people access work, stay in work or progress on to work which might be more suited to the qualifications they have in their own country but

have been unable to transfer across, due to limitations on their spoken or written English.

The Opportunities Room

The Opportunities Project continues to provide a dedicated space in Central Library which houses a range of services and facilities, including IT equipment, supported access to online resources, comfortable seating areas and space for advice surgeries. Library staff, who were already working closely with local agencies and groups in raising digital awareness, are now part of a team who will shape the experience of people using the service. DWP in partnership with the Wellgate Centre Library run joint IT classes where job seekers come into the library to access their Universal Job Match (UJM) account and undertake searches for work activity. Staff are available to assist with any queries. At present there are four classes running per week and it is intended to increase this number in the future.

Currently there are 18 volunteers trained and available to work with customers since 2013. The project has had a total of 31 volunteers involved in providing support to customers. The volunteering project operates on a drop-in basis Monday to Friday and is also available at Coldsides Library and The Hub in Pitkerro Road. Organisations using the Opportunities Room at present are:-

- DWP Job Centre Plus
- Welfare Rights
- Business Advice Team (Claverhouse)
- Dundee Homefinder Service
- Adult Learning Team
- Skill Share
- Amina (Muslim women's resource centre)
- NHS
- Social Media Surgeries

Digital on the Move

The Council was successful in its application to the Scottish Governments Welfare Reform Resilience Fund in obtaining £92,500 to deliver its Digital on the Move project. The project aims to help people affected by Welfare Reform to gain valuable skills by creating mobile IT resources in community settings across Dundee.

The Council now has a bank of Laptops, iPads and mobile internet access resources which are now available for loan, to voluntary organisations, to create pop-up IT facilities anywhere in the city. This will allow people to learn how to use computers and access the internet in a supportive atmosphere. The City Council is providing the equipment and initial training to staff and volunteers in local organisations to learn to use the equipment and help others.

In addition to the digital hubs, the Council has developed three short videos on:-

- Claimant Commitment
- Sanctions
- Bank Accounts and Budgeting

Each short video delivers the key messages within each of the categories listed above. The videos will be available online and DVD and include a signer and closed captions. Partner organisations have been involved in the development of the videos.

The final part of the project has been the development of an application called "The

Year of Change”, this involves using graphics and gamification to demonstrate how universal credit will impact and affect individuals, couples and families. The application can be played online through a computer, laptop, tablet or iPad and will present users with scenarios and explain the change once Universal Credit is implemented. Users will make financial decisions based on their income. Information, advice and support agencies are detailed throughout the game at various points.

The videos and game are due to be completed in March 2015.

5.6 **Big Lottery – Support and Connect Fund**

The Council submitted a successful funding application to the Big Lottery which sought to address the impacts of Welfare Reform on its most vulnerable individuals and communities, already seriously affected by recession.

In response to growing hardship, since January 2014 the CONNECT (Community Outreach Neighbourhood Networkers Encouraging Change Team) has been working within in local communities to address the key issues people face. The team work and support existing welfare and benefit advice staff within the Council and the voluntary sector.

Up to the end of January 2015 the project reported the following outcomes:-

- 4,628 individuals have accessed the service throughout the city.
- 65 Venues and drop in sessions have been established and are being attended, some weekly, others have different frequencies depending on demand.
- 22 presentation/talks on welfare reform raising awareness to agencies, organisations reaching 260 service users and service providers.
- A training package has been developed for further Welfare reform training aimed at volunteer services, this can be adapted to individual needs.
- A budgeting session was created with Universal Credit in mind. This is aimed at 16 – 25 year olds. Three sessions have been undertaken with other planned throughout the year. Variations of training can be adapted to other age groups and other organisations have intimated their interest
- A competition was developed last year to raise the awareness of Universal Credit, this was used as an engagement tool to give the team the opportunity to talk with people and find out any current issues they have and how they can obtain advice and assistance, it was primarily used at festivals and gala’s being held in July and October but also at “pop up events” (a unique concept of a portable advice table) held at various places around the city such as public parks, shopping centres, supermarkets, job centre and High Streets. A further competition is planned for 2015 to raise awareness of three topics, Universal Credit, The change from Disability Living Allowance to Personal Independence Payments and finally, financial help available for those in low paid or part time employment.

The funding from the Big Lottery is up to June 2015 with other funding sources being considered so that the work of the team can continue.

5.7 **Disability Living Allowance (DLA) rollout to Personal Independence Payment (PIP)**

On the 27th January 2015, the DWP confirmed that Dundee will be part of the next phase of the rollout of DLA to PIP. This will begin on the 23rd February 2015 and will include existing DLA claimants in the Dundee postcode who will be invited to claim for PIP if:-

- If the DWP receives information about a change in their care and mobility needs;
- their fixed term award is due to expire on or after 13 July 2015;
- the claimant turns 16;
- someone chooses to claim PIP rather than DLA.

From October 2015 all the remaining claimants in receipt of a DLA will be invited to make a claim for PIP. DWP will randomly select DLA claimants in receipt of an indefinite award or a fixed term award, and notify them about what they need to do to claim PIP. DWP have advised that they will invite claims as early as possible from recipients who have turned 65 after 8th April 2013, when PIP was first introduced. By late 2017 DLA claimants (Aged 16 to 64) on 8th April 2013) will have been invited to claim PIP.

To ensure services are prepared for this change, Council staff and the voluntary sector have met with DWP PIP representatives and have agreed that DWP staff will attend the liaison meetings going forward to update on developments of the rollout. Requests have been made for copies of the customer journey for the transition, anticipated volumes of claimants likely to be affected over the coming months and details of the PIP audit process undertaken by ATOS. Discussions have also taken place about possible joint working and data sharing particularly where clients may be identified as being at risk of not returning their forms when selected for reassessment, however these are at an early stage.

5.8 Sanctions

DWP information on sanctions applied within Dundee from October 2012 to June 2014 shows 6,444 were applied to claimants.

A pilot is currently underway within the Council and the Voluntary sector to contact claimants at the point of the sanction being applied to ensure support and advice is provided with regards to hardship payments and mandatory reconsiderations. It is also an opportunity to identify and underlying needs, so that further support can be accessed from specialised services, such as adult literacy, IT skills, job clubs etc. It is hoped that by providing early intervention further sanctions can be avoided.

The Council continues to discuss the sanctions levels within the City with the local DWP JCP and take any appropriate action to reduce the number of sanctions being applied.

5.9 Smith Commission

The Smith Commission recommended that out of work benefits remain reserved; some administrative flexibility around UC has been recommended. Given the recent DWP announcement regarding the rollout programme for Universal Credit it is clear the DWP are proceeding as planned, with the potential for Universal Credit to be delivered slightly differently. This may include frequency of payments, option to pay housing costs direct to landlords, vary the nature of household payments and vary the rate of housing costs (effectively providing a mechanism to abolish the bedroom tax). The Council continue to participate in discussions with COSLA on the impact the Smith Commission may have on Universal Credit.

The Smith Commission also recommended that health and social care benefits such as Personal Independence Payment (PIP), Disability Living Allowance (DLA) and Attendance Allowance be devolved.

6.0 POLICY IMPLICATIONS

- 6.1 This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality and Impact Assessment and Risk Management.

Impact Assessment and Equality Impact Assessment on the Welfare Reform Act 2012 have been carried out by the Department for Work and Pensions.

<https://www.gov.uk/government/organisations/department-for-work-pensions/series/welfare-reform-act-2012-impact-assessments>

7.0 CONSULTATIONS

- 7.1 The Chief Executive, Head of Democratic and Legal Services, Director of Housing and all other Chief Officers have been consulted on the preparation of this report. No concerns were expressed.

8.0 BACKGROUND PAPERS

None.

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FEBRUARY 2015