

REPORT TO: POLICY & RESOURCES COMMITTEE – 24 JUNE 2013
REPORT ON: WELFARE REFORM UPDATE
REPORT BY: DIRECTOR OF CORPORATE SERVICES
REPORT NO: 301-2013

1.0 PURPOSE OF REPORT

1.1 The purpose of this report is to update Members on 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 continued work and progress on communicating the changes to claimants and landlords.
- Note the implications in terms of increased debt, potential increases in homelessness and demand for advice services from various services and the voluntary sector.
- Note further seminars will be arranged for Elected Members on Welfare Reform.

3.0 FINANCIAL IMPLICATIONS

3.1 The full financial impact of Welfare Reform for the City cannot yet be quantified. However a recent 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 noted in Committee Report No. 438-2012, are currently being or are due to be implemented. The original timescale for introduction of the Benefit Cap was April, 2013, however, this was amended by the Department for Work and Pensions (DWP) and Dundee will now be included in the first phase roll out which will commence on 15 July, 2013.

5.0 UPDATE FROM WELFARE REFORM GROUP

5.1 Projects 1 and 2 – Universal Credit and Council Tax Reduction Scheme

A funding bid was submitted to the Department for Work and Pensions (DWP) to participate in a pilot programme prior to the implementation of Universal Credit. This bid was unsuccessful, however, the Scottish Government decided to take three pilot projects forward and Dundee City Council was successful and awarded funding of £60,050.

The pilot project, which will run for six months, will involve front line staff within

Dundee House, East District Housing Office and four Libraries (Central, Coldside, Fintry and Lochee), completing a set of questions with customers around their current circumstances, resulting in a Welfare Reform Action Plan being introduced with appropriate referrals made to the following services:

- Housing Options.
- Employability.
- Welfare Rights/Brooksbank.
- Dundee Foodbank.

The Plan also provides customers with a list of other agencies who can offer support and advice. An internal IT system has been developed as part of the project.

The main aims of the project are to enhance and improve the assessment and referral process undertaken by front line staff relating to the Welfare Reform Action Plan.

The project will highlight clients in receipt of Benefits who might be considered for referrals to specialist services offering access to supported employment options. The referral for Welfare Rights/Money Advice will aim to ensure that money advice/debt counselling agencies included in the pilot and receiving referrals have access to clients' current rates of income, and are able to assemble accurate income and expenditure schedules for clients, assess options accurately and devise a suitable debt management strategy for the client. The project also aims to provide basic budgeting skills to clients to prepare them for the introduction of Universal Credit.

A key aim of the project is early intervention and the provision of information to assist more jobless citizens into employment via a wide range of training and support available through the Employability Pipeline. This will provide customers with opportunities to access advice services and linkages into employment.

The project is supported by a Welfare Rights Officer and Employability Officer.

Information is still awaited with regard to the migration of existing Housing Benefit claimants onto Universal Credit and the role of the Council in the new Universal Credit Structure.

The Council Tax Reduction Scheme has now been implemented with the annual bills issued for 2013/14 reflecting the Council Tax Reduction where appropriate.

5.2 **Project 3 – Scottish Welfare Fund**

The Scottish Welfare Fund commenced from 1 April, 2013. The administration of Crisis Grants and Community Care Grants is now through Local Authorities for an interim period of two years. Report 491-2012 set out the local service delivery arrangements for the Fund. The updated position is noted below:

- Staff posts have been established and recruitment completed.
- A comprehensive staff training programme has been developed and delivered to appropriate staff members.
- The Northgate Scottish Welfare Fund IT Software Solution has been implemented.
- Payment systems have been established to allow for the distribution of cash awards/payments directly into applicants' bank accounts if required.

- Further fulfilment options, such as the provision of new and recycled white goods and furniture, are being developed in partnership with local suppliers and social enterprises.
- Awareness sessions have been held with partner agencies, including Citizens Advice and the local Department for Work and Pensions Job Centre Plus.
- Publicity material has been issued to agencies with briefing notes distributed to all staff and Elected Members.
- Signposting material continues to be developed to assist staff in directing individuals to the most appropriate source of support.

Applications to the Scottish Welfare Fund are through either the Council's website or a dedicated telephone number with call backs being offered to applicants. The approach being adopted is a holistic one with staff engaging with applicants and offering appropriate advice and support. One example of this is that applications for Crisis Payments relating to fuel costs are being referred to the Dundee Energy Efficiency Advice Project (DEEAP) who are visiting applicants to provide a top up credit of fuel. The DEEAP Team are engaging with the applicants at this time, providing advice on energy tariffs, agreeing repayment schedules, and where possible debt write-off. Appendix 1 outlines examples of the approach the Council has adopted with Crisis and Community Care Grants.

Table 1 provides information as at Friday 7th June 2013 on the current volume of applications 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
1206	628	1834
TOTAL CG APPS GRANTED	TOTAL CCG APPS GRANTED	GRANTED
624	253	877
TOTAL CCG APPS REFUSED	TOTAL CCG APPS REFUSED	REFUSED
343	249	592
TOTAL CCG APPS W/DRAWN	TOTAL CCG APPS W/DRAWN	WITHDRAWN
57	7	64
TOTAL CG APPS OUTSTANDING	TOTAL CCG APPS OUTSTANDING	OUTSTANDING
182	119	301

5.3 Project 4 – Housing Services

The Housing Department, together with Finance Department (Revenues Division), have identified Council tenants who are affected by Housing Benefit changes regarding under-occupancy. All of these tenants have been sent a letter explaining the impact of the changes to them and asking them to confirm their household composition. Table 2 provides details on the number of Council and Registered Social Landlords tenants who are impacted by the under-occupancy changes.

All property size information has now been added to the live Housing Benefit system and benefit entitlement to reflect the 14% or 25% reductions will be calculated as part

of the annual benefit uprating procedure.

Table 2

Under-Occupancy Charges			
	Units	%	Average Loss
Council	1851	14%	£10.90pw
	321	25%	£21.75pw
	2172		
Annual Loss	£1.3m		
RSL's	903	14%	£11.20pw
	258	25%	£21.00pw
	1161		
Annual Loss	£0.795m		
Total Loss	£2.095m		

A small team was set up within the Housing Department to make contact with tenants who were on full Housing Benefit with the Corporate Visiting Team making contact with tenants on part Housing Benefit. The purpose of the visits was to advise of the change in benefits and what measures they can take to minimise the impact.

Tenants who were contacted were asked to complete a questionnaire to help us to profile their needs and thus the types of assistance they may require. This information is currently being collated and analysed.

The Rent Recovery Team within the Housing Department is actively trying to engage with tenants who are in arrears due to the Welfare Reform Changes. A number of initiatives are being implemented to engage with tenants and appropriate monitoring arrangements have been established.

The Council has worked in partnership with the Department for Work and Pensions Job Centre Plus to carry out joint interviews for households impacted by the Benefit Cap. The interviews have been held in a neutral venue and involved discussion on Welfare Reforms and the impact of these and provided information on employability, Housing Options and Money and Debt Advice. This approach has resulted in 90% of household impacted by the Benefit Cap attending these joint interviews, the remainder have had home visits arranged. Table 3 outlines the number of households and financial losses for those impacted by the Benefit Cap.

Table 3

Benefit Cap		
Housing Sector	Number of Households Impacted	Reduction Per week
Council	29	£2.90 to £468.40
Housing Associations	12	£3.70 to £145.90
Private Landlord	31	£1.30 to £194.30

The change in the single room rate being extended to single persons aged under 35 has not yet had a major impact on homelessness although, in the last quarter, the number of homelessness cases resulting from affordability issues in the private sector has increased slightly. The Housing Department saw an 8% reduction in the number of homeless applications over 2012/13 compared with 2011/12. The Homeless Prevention Team are contacting landlords of potentially homeless people to encourage them to sustain tenancies and explore all options to prevent homelessness. A meeting was held in December, 2012 with the Private Landlords Forum to discuss how they may deal with the impact of under-occupancy and the removal of the Local Housing Allowance excess to minimise the impact on homelessness.

Changes to the amount or rent eligible for Housing Benefit purposes in respect of supported accommodation will have an impact on the affordability of Council Temporary Homeless Accommodation. An action plan, including a review of this accommodation, is in place.

Report No. 50-2013, Housing Incentive Scheme, was agreed by Housing Committee in February, 2013, whereby Council tenants who have their benefits reduced owing to under-occupancy could qualify for assistance with removal to a smaller house. Report No. 55-2013, Housing Allocation Policy : Amendment to Under-Occupancy Priority, was agreed by Housing Committee in February, 2013, to amend the letting policy to give tenants who under-occupy by 1 bedroom 40 points and those who under-occupy more than 1 bedroom will receive 70 points.

A meeting was held with local Housing Associations on 8 March, 2013 to discuss the scope for joint working to address common problems. Among other things, the need for good and consistent housing options advice and maximising the availability of existing supply through nominations and section 5 referrals to Housing Associations was highlighted. Nominations and homeless referrals are being monitored and so far this year targets are being met.

5.4 **Project 5 – Supporting Initiatives**

To ensure a more consistent approach with recovery of debt a Corporate Debt Policy has been agreed, detailing how the Council will engage with and assist customers who are in debt. A Corporate Debt portal has been created which allows consolidation of all a debtor's debts with the Council. This will facilitate the move towards a single point of contact. A Council debt prioritisation policy is being developed to operate in conjunction with this.

Common cash collection facilities now exist across 3 corporate cash offices. These include facilities to accept payments for Credit Union and Energy Cards. Cashier and banking services are being reviewed to incorporate any requirements from administration of the Scottish Welfare Fund.

5.5 **Project 6 – Employability and Learning**

The Council plan to refresh all computers in Libraries and Community Centres in 2013/14. The locations and access times for each Centre will be published on the Council's website.

Staff training has been provided to Libraries staff on Universal Job Match and Literacy and Numeracy Spotter and Referrer training for front line staff across the Scottish Government pilot areas organised.

5.6 Communication

Over the past 6 months the Welfare Reform Group has worked with the Public Relations Team to develop effective communication channels for promoting the Welfare Reform Changes to staff and public. These include:

- Welfare Reform Page on the Councils Website
- Briefings delivered to Elected Members/MSP/MPs
- Briefing delivered to all eight Local Community Planning Partnerships
- City Wide Community Conference on Welfare Reform
- Posters and Information Leaflets displayed in Council Offices
- E-Learning Module for staff and public
- Briefings delivered to third sector, Housing Associations and Employability Pipeline Partners

5.7 Discretionary Housing Payments

The Discretionary Housing Payments (DHPs) Policy as agreed in Report 72-2013 outlined where possible the groups the Council would support through DHP's to remain in their current properties. Estimates in the shortfall in Housing Benefit as a result of the Welfare Reform Changes in Under Occupancy and Benefit Cap have been identified and noted above. The DHP fund of £461,904 has been split into four categories:-

- Under Occupancy
- Benefit Cap
- Local Housing Allowance (LHA) Reforms
- Other

At present 873 applications have been received this year compared to 315 for the previous year 2012/13.

5.8 Funding Sources

The Council continues to seek external funding to support citizens to prepare for the Welfare Reform Changes. Two applications have been made recently which are:

Big Lottery – Support and Connect Fund £339,237

The Council has submitted a funding application to the Big Lottery which seeks to address the impacts of Welfare Reform on its most vulnerable individuals and communities, already seriously affected by recession. If successful with this application, the Council will create a Task Force of seven officers, a team of front line, multi-skilled staff, working in local communities, to address the key issues people face.

The project will:

- Work in Dundee's most deprived communities, basing an officer in each LCPP area with 15% most deprived SIMD datazones.
- Provide face to face advice services in local communities.
- Raise awareness of the implications of Welfare Reform, encouraging people to seek help before they reach crisis point.
- Engage those not currently accessing advice services.

- Create a network of public, voluntary and grassroots support organisations in communities to provide effective and holistic solutions to need for individuals.
- Work with grassroots organisations to provide support to people using their services, e.g. food banks, identifying the cause of crisis and creating a package of support to mitigate its effects.
- Assess needs and provide basic advice on benefits/benefit changes, budgeting, employability, fuel poverty, etc.
- Undertake basic form filling with individuals.
- Signpost people to existing advice/support agencies where required. Could include money advice services, food banks, Scottish Welfare Fund, social prescribing digital literacy, etc.
- Capacity building in grassroots community groups to create volunteers with skills necessary to provide support to communities post project, e.g. budgeting skills training, digital literacy support.

The aims:

- Provide early intervention and local support to mitigate impact on existing advice agencies, reducing the number of basic enquiries advice agencies receive, enabling advice agencies to focus on more serious on-going case work – addressing growing issues of supply not meeting demand.
- Ensure a joined up approach to supporting people through Welfare Reform, where possible in their communities.

DWP Funding Application - £39,908

The Council has applied 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 learning and development support will be 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 Co-ordinators will work 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.

5.9 Local Support Services Framework

The Council, along with five other Local Authorities in Scotland, have agreed to participate in a study with COSLA to undertake scoping work on the increased capacity required to deliver Local Support Services (LSS) for Universal Credit. The study is being undertaken by Consultants Rocket Science Limited through funding from the Scottish Government.

The study is needed to scope and model what this increase in staff and capital capacity would mean at a local level to inform a realistic cost estimate, and to be explicit about any assumptions that underpin the approach and figures.

The material from the project will also be used to consider how the LSS can build on/add value to the redesign of associated service provision. These include local advice and support services, the Scottish Welfare Fund and Discretionary Housing Payments in the context of locally integrated public services envisaged by the Christie Commission.

5.10 Audit Scotland Welfare Reform Update

Audit Scotland issued a questionnaire to all 32 Scottish Local Authorities in January, 2013 the purpose being to assess the preparedness of Local Authorities for the forthcoming Welfare Reform Changes. The main findings of the report were that all Councils:

- Recognised Welfare Reform as a risk.
- Had information on the financial impact and, in some cases, had already carried out detailed financial analysis.
- Had established a working group to work in partnership with key internal and external shareholders to manage implementation.
- Recognised remained major uncertainties which made it difficult to plan effectively. In particular the lack of information from The Department of Work and Pensions (DWP) in respect of the migration timeline from Housing Benefit to Universal Credit and the level of support councils would be expected to provide to customers were major uncertainties.
- Are acutely aware of the need to communicate the changes and are using a variety of methods to communicate with benefit recipients, landlords and external stakeholders, including community planning partners and representatives from third sector agencies.
- Have been engaging at varying levels with COSLA, Scottish Government and DWP.

The Council is specifically named in the Report for its innovative ways of making sure customers and staff are aware of the changes. This includes:

- Developing an e-learning module for all staff, and placing this on the Council's website for general use.
- The Scottish Government Pilot Project.

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.

A Risk Register for Welfare Reform has been established and monitored on a monthly basis.

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

- 8.1 Policy & Resources Committee, Changes to Housing Benefit & Welfare Reform, Report No. 167-2011.

Policy & Resources Committee, Welfare Reform Update, Report No. 438-2012.

Policy & Resources Committee, Discretionary Housing Payment, Report No. 72-2013.

Policy & Resources Committee, Scottish Welfare Fund, Report No. 491-2012.

Housing Committee, Housing Incentive Scheme, Report No. 50-2013.

Housing Committee, Housing Allocation Policy : Amendment to Under-Occupancy Priority, Report No. 55-2013.

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APPENDIX 1

Example 1

Applicant A - applied for a Crisis Grant for a cooker. Her cooker (which was second hand when she bought it) had broken down and the applicant was really worried about not being able to cook meals for herself and her two young children.

The applicant is a single parent with 2 children aged 8 and 4 and has a range of health concerns including depression. One of her children suffers from ADHD. It was therefore deemed that the applicant was a high priority case and a cooker was awarded from the Scottish Welfare Fund.

Due to the good working relationship with the Housing Department a portable cooker was obtained on the day the application was made. This enabled the applicant to be able to cook meals for herself and her children until a cooker was delivered by Argos.

The applicant's details were also passed to a Welfare Rights Officer (with her permission) to assist her to make an application for Disability Living allowance for her son.

Example 2

Applicant B- applied for a Crisis Grant as she had her bag containing £150 stolen. The theft was reported to the police.

The applicant advised that this was the only money that she had until her next benefit payment (due in 7 days time).

The decision was taken that the applicant was a high priority as she was under twenty five years of age and also a single parent to a four month old baby. Living costs were awarded to the applicant to assist her to look after and feed herself and her baby until her next benefit payment.

The award was paid partly by cash for living expenses (food, nappies etc.) and a referral was made to Dundee Energy Efficiency Advice Project (DEEAP). DEEAP visited the applicant's home and credited her gas and electricity meters. This ensured that she would have enough gas & electricity in her home until her next benefit payment.

The Scottish Welfare Fund has been working in partnership with DEEAP since the middle of April and their assistance has been very helpful not only because they pay credit directly on to gas and electricity meters but also because of the other assistance and services they offer for example checking tariffs to see if there are any better options for people and offering advice on energy efficiency.

On this occasion when DEEAP visited they discovered that the applicant was paying £8.00 per week to a debt of £1800 she had with her utility supplier. DEAP contacted the supplier and managed to negotiate and reduce the repayment to £2.00 per week.

Example 3

Applicant C - applied for a Crisis Grant to travel to England to attend the funeral of her daughter.

The applicant's daughter had been living in England for three years. About six months ago her daughter become seriously ill and had died. The applicant had no other family to assist her as she had separated from her husband many years ago and was not in contact with him and her son had died five years ago.

Due to the emergency nature of the situation the applicant was awarded a bus ticket to travel to England and return the day after the funeral. The applicant was also awarded expenses to enable her to stay in a bed and breakfast overnight after the funeral as she wanted to pick up her daughter's ashes the next day before travelling back to Dundee.

Example 4

Applicant C - applied for a Crisis Grant. The applicant had been sanctioned by the DWP for not attending an interview. The decision maker contacted the DWP who advised that the applicant was still under sanction.

Although a Crisis Grant could not be awarded due to this sanction a referral was made to the Food Bank for a food parcel and the applicant was also advised of drop in centres where he could go for a hot meal.

The applicant's details were also passed on to a Welfare Rights Officer to see if his sanction could be appealed.