

**REPORT TO: POLICY & RESOURCES COMMITTEE - 10 DECEMBER 2012**

**REPORT ON: WELFARE REFORM UPDATE**

**REPORT BY: DIRECTOR OF CORPORATE SERVICES**

**REPORT NO:- 438-2012**

**1. 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. RECOMMENDATIONS**

It is recommended that the Policy and Resources Committee:

- 2.1 Note the update on the work streams which have been identified to assist in preparing for the Welfare Reform changes.
- 2.2 Note the progress which is underway in communicating the changes to claimants and landlords.
- 2.3 Note that quarterly updates will be provided to the Policy & Resources Committee on the progress of the Welfare Reform Group for the next 12 months and thereafter will be reviewed.
- 2.4 Note the implications in terms of increased debt, potential homelessness and demand for advice service from various departments.
- 2.5 Note that a seminar will be arranged in the new year for Elected Members on Welfare Reform.

**3. FINANCIAL IMPLICATIONS**

- 3.1 This report highlights the work which is underway within the Council to prepare for the Welfare Reform changes. Dundee City Council estimate that the impact of the Welfare Reform changes will remove between £17.5 million - £21.2 million from the benefits paid to citizens of Dundee.

**4. BACKGROUND**

The Welfare Reform changes being introduced by the UK Government are now being implemented. As outlined in Committee Report 167-2011, the changes which are currently being, or due to be, implemented are:

**From April 2011**

- Withdrawal of the £15 per week Local Housing Allowance Excess.
- Local Housing Allowance capped at the four bedroom rate.

- Local Housing Allowance Rates reduced from median to 30<sup>th</sup> percentile.
- Cap on Local Housing Allowance Rates for all property sizes.
- Increase in rate of non-dependant deductions.
- Additional bedroom for overnight carers.
- Increase in Discretionary Housing Payment (DHP) funding.
- Temporary extension to direct payment safeguard provisions.
- Working Tax Credit.
- Child Tax Credit.
- Pension Credit.

#### **From January 2012**

- Local Housing Allowance Shared Room Rate extended from under 25's to under 35's.

#### **From April 2012**

- Employment Support Allowance (ESA) work component time limited to 1 year.

#### **From January 2013**

- Withdrawal of Child Benefit from high rate taxpayers.

#### **From April 2013**

Working age claimants will have benefits capped. The cap is set at the average net earnings of a working household. For single claimants this will be £350 per week and for couples £500 per week.

Housing Benefit claims will be processed with an "under-occupation penalty". This will restrict housing benefit to allow for one bedroom for each person or couple living in the household unless a room is required for a non-resident overnight carer.

Housing Benefit will be re-assessed using a size criteria. This will look at the number of bedrooms in a property and compare this to the number of occupants depending on sex and age. This will then determine whether or not the tenants are under-occupying their homes and by how many bedrooms. For those identified as under-occupying their home, Housing Benefit entitlement will be reduced as follows:-

- 14% where under occupying by one bedroom.
- 25% where under occupying by two or more bedrooms.

Abolishment of Council Tax Benefit and the introduction of Council Tax Reduction Scheme.

#### **From October 2013**

- Universal Credit will come into force for all new out of work benefit claims from October 2013. This will then be extended to in work benefit claims from April 2014. This will replace income based Jobseekers Allowance, Income related Employment Support Allowance, Income Support, Tax Credits and Housing Benefit. Current claimants will be migrated onto Universal Credit between October 2013 and October 2017.

- Personal Independent Payments (PIP) will replace Disability Living Allowance (DLA) for all new claims. Current DLA claims will be reassessed for entitlement to PIP from this point.

## 5. WELFARE REFORM GROUP

- 5.1 To prepare and co-ordinate the Council response to the Welfare Reform changes the Welfare Reform Group was established in May 2012. The Director of Corporate Services is the Executive Lead for this project and the core membership of the Group, along with work streams as outlined in appendix 1, is noted below:

Executive Lead Officer	Marjory Stewart
Lead Officer	Gregory Colgan
Universal Credit Implementation	Ian Gillanders
Council Tax Replacement Scheme	Ian Gillanders
Scottish Welfare Fund	Dave Berry
Housing Services	Elaine Zwirlein
Supporting Initiatives	Sandy Flight
Employability and Learning	Allan Millar

In addition to the above there are also other groups/projects which are underway within the Council which will support the Welfare Reform Group and these include:

- Welfare Rights Project which is part of the Changing for the Future Programme.
- Poverty Group.
- Concessions Group.

A report on the Welfare Rights Project will be reported to the Policy & Resources Committee early in the new year.

## 6. UPDATE FROM WORK STREAMS

### **Project 1 and 2 – Universal Credit Implementation and Council Tax Replacement Scheme**

#### Introduction of Size Criteria for Working Age Tenants in Social Housing

Information on Registered Social Landlords (RSL) property sizes has been collated, along with household composition information on Housing Benefit recipients. An exercise has been completed to identify those customers affected by the introduction of the size criteria. Discussions are now being held with the RSL's regarding a joint communication being issued to those affected, offering information, advice and support on the forthcoming change.

Information on property sizes for all Dundee City Council Housing properties has been collated, data has been extracted on the household composition on Housing Benefit recipients and an exercise has been completed to identify those customers affected by the introduction of the size criteria. Joint communication is being finalised and to be issued to those affected, offering information, advice and support on the forthcoming change.

The impact on applications for discretionary housing payments is currently being estimated.

A software release has been received and is being tested, to ensure that bedroom information can be added to the Housing Benefit system, customer's eligible rents are appropriately reduced and Housing Benefit entitlement is correctly recalculated. Once tested, work will begin on adding the bedroom information to the live system.

#### Benefit Cap for Working Age Customers

Information has been provided by the Department of Work and Pensions (DWP) identifying those customers potentially affected by the introduction of the benefit cap. The initial scan of data shows 145 households which will be impacted by the implementation of the benefit cap. An exercise is currently being carried out to verify the number of households on the scan, establish the income and Housing Benefit entitlement of those households, identify any exempt households and confirm the amount by which income exceeds the cap.

Once this information is obtained discussions will be held with DWP, Housing and RSL staff regarding the information and advice to be issued to those affected by this change.

Joint visits will be arranged by the DWP and the Council to ensure appropriate information and advice is being given around Employment Options, Housing and any other related matters.

An E-newsletter has been issued to approximately 4,500 landlords within the City advising of this change.

The impact on applications for discretionary housing payments is currently being estimated.

#### Council Tax Reduction Scheme

Regulations in respect of the Council Tax Reduction Scheme have now been issued. The implications are currently being assessed. Once further information is available discussions will be held regarding the information and advice to be issued to customers regarding this change.

The Council's software supplier has developed a system which has now been purchased and is currently being tested.

#### Introduction of Universal Credit

The full implications of Universal Credit are currently being considered. Once the analysis is complete an update will be reported to the Policy and Resources Committee.

#### LHA changes from April 2011

Letters continue to be issued on a monthly basis to those customers whose protection from the April 2011 Housing Benefit changes is ending. (No one will be protected beyond January 2013). The letters offer guidance and advice, including the offer of an income maximisation check, carried out by Welfare Rights.

All existing Housing Benefit recipients will be offered an income maximisation check, to be carried out by agencies within the Advice Sector in Dundee. Letters will be

issued shortly to a specific group of Housing Benefit customers as a trial, to gauge response and to plan how best to offer this service to all Housing Benefit recipients.

### **Project 3 – Scottish Welfare Fund**

In April 2013 the Discretionary Social Fund will be abolished and the Department for Work and Pensions (DWP) will transfer funding for two elements, Crisis Loans (CLs) for living expenses and Community Care Grants (CCGs), to the Scottish Government in order that it may provide local welfare assistance in their place.

Following a public consultation at the end of 2011, Scottish Ministers agreed with the Convention for Scottish Local Authorities (COSLA) that Local Authorities are best positioned to deliver the successor arrangements on an interim basis. In the longer term the Scottish Government proposes to introduce a Social Fund Bill in the 2013/14 Scottish Parliamentary session to come into force in 2015. This will form the basis of the permanent Social Fund replacement from 1<sup>st</sup> April 2015. The Scottish Government intends to retain the objectives of the current schemes for CLs and CCGs, but believes that there is scope to make better links with other local service provision. The Scottish Government, working jointly with COSLA, has set up a Design and Implementation Group (DIG) to develop the successor arrangements and oversee implementation.

Funding for the delivery of the national programme will consist of a ring-fenced transfer of £23.8m per annum from the DWP to the Scottish Government, with additional programme funding of £9.2m per annum being made available by the Scottish Government over the next 2 financial years. In addition, ring-fenced administration funding of £5m in 2013/14 reducing to £4.6m in 2014/15 will be transferred across from the DWP. Agreement has been reached, in principle, through COSLA that the most recent DWP activity data for each local authority (2011/12) should be used as the funding distribution basis. Committee will be advised of Dundee City Council's share of the programme funding once confirmed.

Background research has been carried out into social fund changes and responsibilities transferring to Scottish Government with subsequent delegation of delivery to Scottish Local Authorities.

A paper is currently being considered which will outline the potential options for administering the scheme within Dundee City Council, taking cognisance of the potential level of available funding and estimated demand levels (the number of CLs expenses applications in Dundee in 2011/12 were 6,100 with a further 2,840 CCGs applications received by the DWP in the same period).

Links have been made with other Local Authorities and COSLA led national practitioners who are leading on the implementation of the Scottish Welfare Fund. Meetings have been programmed until the implementation of the changes which is April 2013.

Links have been made with software developers to assess the most suitable system to be procured to support the administration of the scheme

A National Action Plan has been produced for Local Authorities to adapt for local circumstances.

A draft National Application Form and Scottish Welfare Fund guidance has been produced to support consistency across Scotland in administering the programme.

Work is being carried out by Scotland Excel to develop a national framework for the provision of white goods.

A separate report will be brought back to the Policy and Resources Committee on the proposed service delivery mechanism for approval.

#### **Project 4 – Housing Services**

The Housing Department and Corporate Services Department have completed an exercise which identifies tenants who will be affected by under-occupancy (bedroom tax). Joint communication is being finalised and will be issued to those affected by the change outlining information around the changes to their benefits, along with being offered a Housing Options Interview and other support where required.

The Housing Department has drafted a leaflet and letters, together with the Corporate Services Department (to ensure that consistent information is being distributed to Housing Associations and Private Landlords, albeit with information tailored for each landlord).

Front line staff from Homeless Services, Advice and Information Teams, DEEAP and the Letting Centre have received training on Welfare Reform from the Child Poverty Action Group so that they can advise new applicants and current tenants whom they deal with of the changes. Further advice and guidance will be developed in line with new guidance received from the Department of Work and Pensions.

In terms of homelessness, the Housing Department has seen a 5% increase in the number of homeless applications over April to August compared with the same period last year. It is fair to assume that this increase is largely a result of the single room rate being extended to single persons aged under 35. Although this increase is not significant at this time, it is possible that there may be a delayed effect of this change, so monitoring of the situation will continue. The Homeless Prevention Team are contacting landlords of potentially homeless people to encourage landlords to sustain tenancies and explore all options to prevent homelessness. A meeting has been arranged with the Private Landlords Forum in December to discuss how they may deal with impacts of under-occupancy and the removal of the Local Housing Allowance excess to minimise the impacts on homelessness.

Options for amendments to existing policies (e.g. incentive schemes for tenants to move into suitable sized accommodation, guidelines for letting rooms to lodgers) are being developed for further discussion. Maximising the availability of existing supply through Nominations and Section 5 referrals to Housing Associations is being monitored and so far this year targets are being met.

#### **Project 5 – Supporting Initiatives**

A Corporate Debt Policy has been agreed detailing how customers should expect to be treated. A Corporate Debt Portal has been implemented which allows the identification of all debts owed by an individual to be held in one central location. Work is currently underway on creating a clear protocol for prioritisation of Council Debt.

Within each of the three main Council cash offices common cash facilities now exist. These include new fund types set up to accept payments for Credit Union and Energy Cards.

An initial evaluation on bill payment services has been completed. This involved looking at how we may deal with those citizens who do not operate a current bank account and also provide support around management of income due to Universal Credit paying benefit direct to claimants. A national exercise is underway to identify if any banks can provide services of this nature. We await the outcome of this exercise so that this will inform our way forward.

### **Project 6 – Employability and Learning**

Briefing sessions with the Department of Work and Pensions have been held with the Employability Pipeline Partners in order to ensure that they are aware of the reforms and the implications for the individuals with whom they work. An action plan is currently being produced around the Employability and Learning Work stream.

### **Funding Bids**

A funding bid was submitted to the Department of Working Pension to participate in a pilot programme prior to the implementation of Universal Credit. The Council submitted a bid, along with other Scottish Councils, however, this was unsuccessful. Subsequent to this, the Scottish Government decided to take forward a further three pilot projects and confirmation whether the Council's application has been successful is currently awaited.

If successful the funding will provide support for the Welfare Rights Project and will allow for a full time Welfare Rights Officer and Full Time Employability Officer to be based in Dundee House and the Housing East Office. This resource will provide support and mentoring of staff who are involved in the rollout of the IT System which will assist in identifying the impact of the Welfare Reform. Individuals will complete a series of pre-programmed questions and will leave with a personal plan which provides information on the impact of the Welfare Reform changes and also provides information on those organisations that can offer further support and advice.

Recognising the change in the way the Department of Working Pension will deliver services, there is a need to support individuals around building skills in Financial Inclusion and Digital Inclusion. With the DWP promoting that individuals will complete the majority of claims online, there will be additional difficulties that will arise out of complex budgeting which people will have to do. It is proposed that the Council work to develop the following training and support packages:-

- Understanding the Welfare Reform changes.
- Provide money advice to assist households dealing with reduced household income.
- Accessibility to computers and Internet facilities at times that are suitable.
- Support to become IT literate.
- Increase level of reading and writing and numeracy required to complete the forms and understand the monetary implications.
- Assistance to move into work.

To implement the adult learning training and support packages a corporate approach will be taken which will involve the Employability, Adult Learning and Libraries Teams working together to deliver this campaign and training which will be led through the Welfare Reform Group.

Dundee Library and Information Services have secured funding of £40,051 through the Scottish Library & Information Council (SLIC) and this money will be used to

create opportunities for benefit claimants and job seekers who are digitally excluded, including the establishment of an Opportunities Hub in Central Library with satellite services in community libraries across the City delivered by a network of staff and training volunteers.

In addition, further funds will be sought from the Department of Working Pensions to support the proposed Learning Campaigns and align this to the work which is being delivered through the Library Service.

## 7. **POLICY IMPLICATIONS**

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

Impact Assessment and Equality Impact Assessment on the Welfare Reform Bill 2011 have been carried out by the Department of Work and Pensions.

<http://www.dwp.gov.uk/policy/welfare-reform/legislation-and-key-documents/welfare-reform-act-2012/impact-assessments-and-equality/>

## 8. **CONSULTATIONS**

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.

## 9. **BACKGROUND PAPERS**

Policy & Resources Committee, Changes to Housing Benefit & Welfare Reform, 167-2011

**MARJORY STEWART**  
**DIRECTOR OF CORPORATE SERVICES**

**DECEMBER 2012**



## Welfare Reform Governance Structure

