

EAST RENFREWSHIRE COUNCIL

CABINET

17 September 2015

Report by Deputy Chief Executive

Welfare Reform Contingency Fund & Update

PURPOSE OF REPORT

1. To seek the Cabinet's approval to use resources from the Welfare Reform contingency provision in order to extend funding of the ongoing administration and staffing costs required to administer the Scottish Welfare Fund (SWF).
2. To also seek the Cabinet's approval to extend funding of a number of temporary positions until March 2017 in order to mitigate against the impact of Welfare Reform in the Council's front line services, particularly around the benefit, financial and welfare services.

RECOMMENDATIONS

3. It is recommended that Cabinet:
 - (a) notes the continued progress which has been made in mitigating and preparing for the impacts of Welfare Reform, including the commencement of Universal Credit in East Renfrewshire in February 2016;
 - (b) notes the structural changes which have taken place since the retirement of the Head of Revenue Services and also the preparations for the TUPE transfer of staff to the Single Fraud Investigation Service (SFIS) in December 2015;
 - (c) approves allocations of £68,000 to be drawn down from the Welfare Reform contingency sum provided in the 2015/16 estimates, and an estimated £71,500 in 2016/17, to cover the shortfall in national allocations for administration of the Scottish Welfare Fund (SWF);
 - (d) approves the use of resources from the Welfare Reform contingency provision to extend the funding of the SWF and temporary posts, mainly located within Customer First, until March 2017 – see Annex 1. This will be taken forward through the budgetary estimates process for 2016/17; and
 - (e) agrees to continue provision of additional grant funding of £40,000 in 2016/17 to support East Renfrewshire Citizens Advice Bureau (CAB) in its work towards mitigating the impacts of Welfare Reform.

BACKGROUND

4. The Council received funding from the Scottish Government to work towards mitigating the impact of Welfare Reform on East Renfrewshire's most vulnerable residents and to administer the Scottish Welfare Fund (SWF). As with most councils, this grant has proved insufficient to meet the requirements and consequently a contingency sum has been

approved by Cabinet since 2013/14 to 'top up' these resources. The drawdown from this sum has been £54,000 in 2013/14; £64,000 in 2014/15 and is predicted to be £68,000 in 2015/16, with a further estimate of £71,500 in 2016/17.

5. In September 2014 approval was granted to employ a number of temporary staff members to help mitigate the impact of welfare reform and to ensure that the successful arrangements would be in place to assist the most vulnerable residents in preparing for the challenges ahead. It is now necessary to consider onward funding of these temporary posts until March 2017, particularly as we assess the implications of Universal Credit for East Renfrewshire – Annex 1 contains details.

6. Also included in these figures are £40,000 of additional grant funding to East Renfrewshire Citizens Advice Bureau for 2016/17 if Cabinet chooses to continue to support CAB's arrangements to mitigate the impacts of Welfare Reform.

REPORT

Strategic Planning Framework

7. Many households within East Renfrewshire find themselves experiencing hardship as a result of the legislative changes in relation to housing benefit whereby households who are under occupying their properties may experience a reduction in housing benefit entitlement.

8. The UK Government have now confirmed that the roll out of Universal Credit in East Renfrewshire will take place from February 2016, but that is likely to involve small numbers at that stage and will take some years for the full impact to be felt. Universal credit is expected to add additional hardship to many households in East Renfrewshire.

9. The planning structure to prepare the Council and its partners for Welfare Reform has recently been reviewed and streamlined and will now consist of a Welfare Reform Strategy Group made up of senior Council Officers and partner agencies (incl. DWP and CAB) and a more tactical Universal Credit Preparations Group jointly chaired by the Council and DWP.

10. There will also be interfaces with groups such as the Local Employability Forum and the newly formed Digital Participation Group. The remit of the Forum for Advice & Information Services in East Renfrewshire (FAIRER) has also been recently reviewed and will continue to be chaired by the Convener for Corporate Services and will now be supported by the Revenues and Business Support Manager.

Structural Changes & Progress Update

11. Since the retirement of the Head of Revenue Services in July 2015, responsibility for Welfare Reform has transferred to the Head of Customer and Business Change Services (Louise Pringle) and the newly appointed Revenues and Business Support Manager (Steven Skelly).

12. Since April 2015, the Money Advice, Income Maximisation and Welfare Rights teams have all transferred to Customer First, under the title Money Advice and Rights Team (MART) to provide a more integrated approach to these critical services for our most vulnerable customers. Even at this early stage there is closer working across the teams identifying specialist and non-specialist cases and advice. Key benefits will be:

- introduction of a generic triage system to ensure that customers are signposted to the correct advisor, alongside clearer marketing material for the service and revised web content;
- a closer working relationship with the Benefits section to pre-empt the need to take cases to judicial review or appeal stage, which will lead to earlier resolutions thus saving time and money and preventing rent arrears, evictions etc.;
- development of a range of outreach services and training to take the service to those in the most need e.g. Auchenback ARC and Family Centres;
- the requirement for Personal Budgeting support will increase with referrals being made from the DWP so MART are also gearing up for having a presence in the local job centres and surgeries at other venues;
- a more pro-active approach to debt/arrears will be taken such that when one payment is missed the MART team will intervene rather than the debt collection team; and
- use of a single case management system to automate some processes, ensure better performance management and reduce the amount of business support required for the team.

13. The retirement of the Head of Revenues has resulted in Payroll Services transferring to the HR Service and Rent Collection to the Housing service.

14. Further to the Cabinet paper of June 2015, more detailed preparations are now being made for the transfer of 3 members of staff to DWP's new Single Fraud Investigation Service (SFIS) in December 2015, with the Council required to retain a single point of contact for referral of cases to DWP based on a service level agreement.

15. A number of areas of existing work will remain council responsibility. These will include council tax reduction cases, council tax discounts, matches produced by the housing benefit matching service and cases below the financial threshold set by SFIS.

16. Current costs of the counter fraud team are partially met by Housing Benefit Administrative subsidy which also partially funds other housing benefit administrative costs. This subsidy will be withdrawn after December. The balance of cost is met from a mixture of Revenue Support Grant (RSG) and Council Tax income. It is not clear whether the RSG element will continue after staff transfer but as housing benefit caseloads reduce it is expected that RSG to reduce proportionately. COSLA has asked both Scottish Government and DWP for new burdens funding to meet the functions which DWP expects councils to retain. As yet no commitment has been made by either body and the Council will continue to look at options for how best to mitigate the impact of these changes, including resolving a number of outstanding issues around staff transfer and conditions of service.

National Landscape

17. The latest update from CoSLA confirms that it is proving difficult to predict how quickly Universal Credit will move forward. A key national milestone is May 2016 – this is when the new digital system is due to be ready to support full roll-out. Full roll out of UC is dependent on this digital system, so any slippage could see councils with low UC numbers for a longer period. Best estimates are that the next 4-5 years will involve a mixed benefits system, with councils dealing with Universal Credit claimants, as well as Job Seekers Allowance and Employment and Support Allowance etc. This will include Housing Benefit for 1100 residents over 60 years of age and certain groups of vulnerable people. Consideration of inclusion for these groups into Universal Credit is not expected until 2020. The Local Authority will also continue to administer the Council Tax Reduction scheme for over 5000 claimants.

18. The Scottish Government have been meeting with DWP to consider use of the administrative flexibility that is that is part of the Scotland Bill; we continue to be part of those discussions through CoSLA. This is however proving complex and further changes are dependent both on legislation and the success of the national digital system next year so much remains unknown at this stage.

19. It is estimated by Inclusion Scotland that 66,000 fewer DLA claimants will qualify for PIP by 2018. The Smith Commission is recommending that DLA/PIP, Attendance and Carers Allowances along with a range of disability benefits are devolved to the Scottish Parliament. The CAB now highlight PIP as the most common issue people come to see them about.

20. Within the MART Welfare Rights Officers have highlighted Mandatory Reconsiderations as the biggest increase in their workload. Customers are seeking advice on different benefits with Employment Support Allowances and PIP being the most challenged benefits. More than half of the requests for a Mandatory Reconsideration progress through the appeals process to attendance at the Tribunal Service. The Money Advice Officers are seeing a greater number of clients who, rather than defaulting on consumer credit agreements, are struggling with ongoing liabilities like rent, mortgage, council tax, and utility bills. These cases by their very nature have a greater urgency and are more complex and stressful to deal with.

21. The Customer Service Team deal with on average 130 customers per month on Welfare Reform specific issues over and above general benefits enquiries.

Scottish Welfare Fund

22. The Scottish Welfare Fund (SWF) comprises of Community Care Grants, which help people to live independently, and Crisis Grants, which provide a safety net in a disaster or emergency.

23. In the two years since the SWF was set up, between 1 April 2013 and 31 March 2015 in East Renfrewshire 653 households received a total of £393,560 in awards for Community Care Grants, averaging around £600 per award. The awards were typically for white goods, furnishings and floor coverings.

24. During the same period, 639 claimants received a total of £34,568 in Crisis Grants, averaging around £55 per award. These awards were typically for food, essential heating costs and other immediate living expenses.

25. We are currently reviewing the SWF team and all aspects of systems, processing grants, the administration and accessibility of these grants will form part of that review.

26. From April 2016, local authorities will have a statutory duty to provide the SWF moving forward. The Scottish Public Services Ombudsman (SPSO) will also be responsible for dealing with 2nd tier appeals from that point.

27. CoSLA are currently working on recommendations around how the SWF and administration costs should be distributed moving forward and continue to highlight the inadequacy of the funding to Scottish Government. This may be reviewed again as part of the next spending review in the context of other administration costs e.g. Discretionary Housing Payments/Council Tax Reductions.

28. Welfare Rights Officers have achieved £612,672 in client financial gains in 2014/15 and in the first quarter of 2015/16 have achieved £286,934.

FINANCE AND EFFICIENCY

29. The Head of Accountancy has confirmed that the resources required to administer the SWF and for the continuation of the temporary posts can be met from the Welfare Reform contingency sum, with a drawdown of £68,000 expected on top of the government grant in 2015/16.

30. A summary of the transitional funding arrangements for the SWF is attached to this report at Annex 1.

CONSULTATION AND PARTNERSHIP WORKING

31. In devising this proposal, consultation has taken place with appropriate Council services and the Citizens Advice Bureau.

IMPLICATIONS OF THE PROPOSAL

32. There are no implications in relation to IT, legal, property, equalities or sustainability.

CONCLUSIONS

33. Council departments and partner agencies continue to make good progress in mitigating the effects of Welfare reforms which are currently being experienced. Proactive steps are being taken to prepare for the introduction of Universal Credit in East Renfrewshire in February 2016.

34. The full impact of Welfare Reform (WR) has not yet been realised across Scotland due to a number of delays in the roll out. These changes are likely to exacerbate poverty for our most vulnerable individuals, families and communities most at risk and on the margins of poverty. The additional funding which Cabinet approved in September 2014 is having a beneficial impact in this regard and Cabinet is being asked to approve the drawdown of funds to allow existing staffing and operational arrangements to be extended now until March 2017 when we will better understand the full range of implications of these changes for local residents.

RECOMMENDATIONS

35. It is recommended that Cabinet:

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Caroline Innes, Deputy Chief Executive

August 2015

Report authors: Louise Pringle, Head of Customer & Business Change Services, 0141 577 3136 and Steven Skelly, Revenues & Business Support Manager, 0141 577 3203.

Cabinet contact;

Councillor Ian McAlpine Convener for Corporate Services 0141 638 3860 (Home)
07890 592671 (Mobile)

KEY WORDS

Welfare reform, Scottish Welfare Fund, Universal Credit, Money Advice and Rights Team

BACKGROUND PAPERS

- Welfare Reform Housing Advice Post, Cabinet 20 August 2015
- Discretionary Housing Payments, Cabinet 25 June 2015
- Single Fraud Investigation Service, Cabinet 4 June 2015
- Welfare Reform, Cabinet 4 September 2014
- Welfare Reform Act 2012 – Impact on Local Benefit Recipients & Local Service Agencies, published by Economic Development February 2014 and updated February 2015.

Financial Support Services Increased costs.(Welfare Reform)

	15/16 £,000	16/17 Estimate
Money Advice		
2 Money Advisers	58,999	63,489
Income Maximisation		
Additional Officer	29,611	30,289
Welfare Rights		
2 Additional Officers	73,109	74,206
Customer Services		
1.5 Additional Officers	28,845	33,361
SWF admin shortfall	68,000	71,500
Total ERC Additional Costs (Full Year)	258,564	272,845
East Renfrewshire CAB	40,000	40000
<u>TOTAL ADDITIONAL COSTS</u>	298,564	312,845