

EAST RENFREWSHIRE COUNCILCABINET14 December 2023Report by Director of Business Operations & PartnershipsWelfare Contingency Budget - Update**PURPOSE OF REPORT**

1. To seek Cabinet approval to use resources from the Welfare Reform contingency budget in order to support local residents through the Money Advice and Rights Team's (MART's) Financial Wellbeing Project; Revenues and Benefits resiliency and to support our partners in the local Citizen Advice Bureau. Also to seek agreement of a permanent budget transfer of a proportion of the Welfare Contingency provision for Scottish Welfare Fund processing.

RECOMMENDATIONS

2. It is recommended that Cabinet:
- a. Approves the permanent transfer from the Welfare Contingency budget of £70,000 to the Revenues & Benefits team for Scottish Welfare Fund processing from 1 April 2024;
 - b. Approves the Money Advice and Rights Team (MART)'s bid for £79,000 of welfare contingency budget to continue the Financial Wellbeing Project to build community capacity and resilience in the area of financial inclusion, by providing a presence in Schools for a further 2 years;
 - c. Considers the East Renfrewshire Citizen Advice Bureau (ERCAB) bid for £80,000 to continue to fund one full time member of staff to undertake all aspects of benefit support work for a further 2 years;
 - d. Approves that increased resiliency within the Revenues and Benefits Team continues through an external contract up to a limit of £50,000 over 2 years, where processing resource can be called off and paid for as required;
 - e. Notes that all bids for welfare contingency budget are being requested in principle and are subject to budgetary provision being confirmed when the Council sets the 2024/25 and 2025/26 budgets early in 2024 and 2025.

BACKGROUND

3. In June 2018 Cabinet considered a report which set out arrangements the Council was making to deal with the implications of the full roll out of Universal Credit (UC) by the Department For Work and Pensions (DWP) in East Renfrewshire from September 2018. Further reports in January 2020 and November 2021 requested funding to support various teams through this transition period.

4. Since September 2018 all new applicants and those who report a change of circumstance have moved to UC. The transfer of people who are on existing benefits or tax credits was delayed and planned completion for many cases, is now expected by end of 2024/25. The transfer of residents claiming Tax Credits started in October 2023. Employment and Support Allowance (ESA) cases will remain beyond 2024/25, with the managed migration delayed to 2028/29 and no plans to move pensioners to UC. These deadlines are nationally driven and outside of our control.

5. The migration of existing legacy benefit claimants affects a considerable number of our residents in East Renfrewshire, currently circa 2,200 DWP legacy benefit claimants. For residents this means that people on ESA, Job Seekers Allowance, Housing Benefits, Tax Credits and Income Support will be transferred to UC.

6. In Scotland the implementation of UC will have some differences to the wider UK system. In particular the Scotland Act 2016 gave people the option to be paid twice monthly and to have their UC housing element paid directly to their landlords. The Act also devolved new social security powers to Scotland with the creation of the Scottish Security Agency (SSA).

7. The caseload and experience of MART, East Renfrewshire Citizen Advice Bureau (ERCAB) and the Revenues and Benefits Team suggest that ongoing welfare reform and the full roll out of UC continues to impact across East Renfrewshire and in particular our most deprived communities. The day to day experience of these teams is that the local community is facing a number of issues driving increased demand in recent years, which has been further exacerbated by the economic and social impact of the COVID 19 pandemic and the cost of living crisis.

8. In prior years, £200,000 of welfare contingency budget has been made available per annum, and this has been used to fund proposals from Revenues & Benefits, MART and ERCAB.

SCOTTISH WELFARE FUND

9. The Scottish Welfare Fund (SWF) processes community care and crisis grants for residents in challenging financial situations. Demand for crisis grants continues to increase, with a 39% increase in applications received in 2022/23 compared to 2021/22 (1,409 crisis grant applications were received in 22/23, compared with 1,015 received in 21/22). This will be a result of the cost of living crisis and the ongoing impacts of the pandemic and is a common picture across the country. Community Care grants have been relatively stable, with 706 applications received in 22/23, compared with 709 grants received in 21/22.

10. There is a gap in administration funding for the SWF. At present 2 permanent members of staff are funded, with a further 2 funded on a temporary basis by the Welfare Contingency budget and 1 further staff member has been funded by temporary Local Authority Covid Economic Recovery (LACER) funding. The temporary funding from the Welfare Contingency budget has been required for many years, and this is expected to continue for the foreseeable future. The challenge of temporary funding is that staff are continually trained and leave to find permanent roles elsewhere. This is not sustainable for the Council, and does not provide long term support for the SWF, or the best customer experience. Funding for 2 permanent staff members at Grade 5 costs £70,200. With the ending of temporary COVID funding, it is proposed to transfer £70,000 of the Welfare Contingency budget to the Revenues and Benefits team to facilitate permanent resource for an increasing area of work, which is central to anti-poverty commitments.

MONEY ADVICE & RIGHTS TEAM (MART)

11. In 2022/23 MART achieved £5,400,000 in financial gains for local residents; the team dealt with 5248 cases.

12. MART is currently using welfare contingency budget to fund a Financial Wellbeing post, working with residents to secure benefit entitlement, with a focus on UC, and to build community capacity and resilience in the area of personal budgeting. The post works within 4 primary schools. In addition the post holder attends parent evenings at schools across East Renfrewshire, as well as providing talks and briefings to parents and staff across the authority.

13. The focus from the Scottish Government and the Council's anti-poverty agenda is focused on early intervention. There is a desire to embed financial inclusion advice in schools. MART have been working towards this provision and working alongside the Education Department.

14. The Financial Well-being post, funded from Welfare Contingency budget, has contributed £160k financial gains, assisting 318 families over a 1 year period. This has included increased financial stability and resilience, development of budgeting skills, exploration of savings options and cheaper alternatives, fast-track referrals to mainstream MART services, removal of barriers and referrals to appropriate services.

15. As a result of the ongoing national welfare reform and the cost of living crisis, MART have identified a need for continued welfare contingency budget to continue to deliver a dedicated school worker, whose focus is on benefit take up, particularly for the new devolved benefits, among a population who may not traditionally engage with advice services. No other organisation is delivering practical packages of advice and support for claims and budgeting within an education setting. As our communities continue to benefit from this support we request a further two year funding until 31/03/2026.

16. Funding is sought to retain the Financial Wellbeing post until 31st March 2026 and limited supporting promotional materials at a total cost of £79,000.

CITIZENS ADVICE BUREAU (CAB)

17. There is a Service Level Agreement in place between the Council and ERCAB which outlines the three main funding streams that have been paid to ERCAB in recent years:

- £102,500 Grant from the Voluntary and Community Grants fund which relates to general service provision delivered by CAB offering free, independent, confidential and impartial advice;
- £42,000 funded to provide advice in relation to housing related matters; and
- £12,500 funded to support the provision of money advice services.

18. It should be noted that cuts of £10K from Business Operations and Partnerships and £42K from Housing, Environment for implementation in 2024/25 were pre-approved by Council on 1 March 2023 as part of the budget process. It is assumed these will be removed from the above funding to CAB on 1 April 2024.

19. In past years, Cabinet has supplemented the SLA funding streams by approving additional grant funding of £40,000 since 2014 to fund one full time member of staff who undertakes all aspects of benefit support work. Alongside MART, CAB is a key partner in the provision of local support to mitigate the impacts of welfare reform ensuring local residents are accessing their rightful entitlement to their benefits.

20. ERCAB continues to support residents during the UC full-service roll-out and other welfare reforms. The additional grant funding has contributed towards increased client financial gains. ERCCAB generated £3,290,000 from Social Security 2022/23 and assisted over 4000 residents.

21. ERCAB's benefit advisor post is due to end. The proposal today is to use Welfare Contingency budget to grant ERCAB a further 2 years' funding to continue this post until 31/03/2026.

22. The Service Level Agreement between the Council and ERCAB has an agreement on data metrics reported on a six-monthly basis. Both MART and CAB contribute towards the Council's statutory reporting to the Scottish Government for the Common Advice Framework and Local Child Poverty Action reports.

REVENUES & BENEFITS RESILIENCY

23. It is essential that we have the means to ensure continuity of service in the Revenues and Benefits teams. Experience over recent years, has shown that having increased resiliency is paramount to ensure that the Service can deliver against unexpected demand requirements or if there is reduced availability of staff. It has also become clear that finding appropriately skilled resource for these teams can be problematic. It is proposed that increased resiliency continues to be managed through an external contract, where processing resource can be called off and paid for as required using Welfare Contingency budget where there is insufficient revenue funding in place. This would be up to a limit of £25,000 per annum.

FINANCE AND EFFICIENCY

24. A Welfare Contingency Fund of £200,000 has been part of the Council's approved budget in recent years. The Head of Accountancy has confirmed that the additional resources proposed as detailed in the table can be met from the Welfare Contingency budget during 2024/25 and 2025/26, subject to the current level of provision being agreed at Council when setting the budget for these years.

25. As shown in the table below, it is proposed to permanently transfer £70,000 of this to the Revenues & Benefits team for Scottish Welfare Fund processing of Community Care and Crisis Grants from 1 April 2024.

	2024/25	2025/26
Total welfare contingency budget available	200,000	200,000
Budget transfer to Scottish Welfare Fund	(70,000)	(70,000)
Total left in budget for future use	130,000	130,000
Proposed spend in 2024/24 & 2025/26:		
MART request	(39,500)	(39,500)
Contribution to CAB (Benefits)	(40,000)	(40,000)
Revenues and Benefits resiliency	(25,000)	(25,000)
Total left in welfare contingency budget	25,500	25,500

CONSULTATION AND PARTNERSHIP WORKING

26. Anti-poverty work in East Renfrewshire is being delivered in partnership across a range of agencies including the DWP, local job centres, CAB, Council services, HSCP and the Culture and Leisure Trust. CAB and MART work closely to ensure advice services are widely available across the authority and assist each other during periods of peak demands. There will also be wider links including to Voluntary Action, local Housing Associations, GPs and local schools and community groups.

27. Consultation has taken place with the Head of Accountancy with regards to the funding.

IMPLICATIONS OF THE PROPOSAL

28. Post pandemic and with a cost of living crisis, a considerable number of East Renfrewshire residents are impacted by challenging economic circumstances. The need for this support has never been greater and this pattern is reflected wider across Scotland in terms of increased caseload and greater financial insecurity.

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

30. National 'Subsidy Control' guidance has been consulted and discussed with Economic Development in relation to funding provided to CAB. In order to determine that a measure is subject to Subsidy Control rules, all four 'tests' must be met for a subsidy to be present. Only one of the 4 measures has been met so it can be concluded that the funding to CAB is outwith subsidy control rules and no further action is required in this regard.

CONCLUSION

31. The impact of the COVID19 pandemic and the cost of living crisis mean that demand for services have increased, with continued support for vulnerable individuals required. Resourcing the increased demand through contingency funding ensures that this demand can be appropriately met.

32. The ongoing requirement for welfare contingency budget will be even more important when the Council's access to residual COVID financial reserves ends in 2024.

RECOMMENDATIONS

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Director of Business Operations & Partnerships
December 2023

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BACKGROUND PAPERS

- Universal Credit Implementation, Cabinet, June 2018
- Welfare Contingency Paper, Cabinet, January 2020
- Welfare Contingency Paper, Cabinet, November 2021
- Subsidy Control guidance <https://www.gov.scot/publications/subsidy-control-guidance/pages/subsidy-tests/>