

**FALKIRK COUNCIL**

**Subject: WELFARE REFORM UPDATE**  
**Meeting: EXECUTIVE**  
**Date: 2 DECEMBER 2014**  
**Author: DIRECTOR OF CORPORATE & NEIGHBOURHOOD SERVICES  
AND CHIEF FINANCE OFFICER**

**1. INTRODUCTION**

- 1.1 The purpose of this report is to provide an update on a number of specific items relating to how the Council is responding to the welfare reform changes. A general update on welfare reform and the Council's response to it was provided to the Council Executive as part of the Towards a Fairer Falkirk – Update Report in May 2014.
- 1.2 This report provides an update on Size Criteria Mitigation, Discretionary Housing Payments (DHPs), the implementation of the Fraud and Error Service, the draft Welfare Funds (Scotland) Bill, the Building Resilience project, the roll out of Universal Credit, the future of Housing Benefit, progress on implementing the new team of Tenancy Sustainment Officers and the findings and next steps arising from the work to understand our customer requirements.

**2. SIZE CRITERIA MITIGATION**

- 2.1 Scottish Government has now provided an assurance to us that they are committed to enabling social landlords to fully mitigate the Housing Benefit (HB) loss for 2014/15 caused by the introduction of size criteria restrictions. They are doing so by significantly increasing the DHP funding they are making available to Local Authorities (LAs) who have insufficient monies from either themselves, or the Department for Work and Pensions (DWP),.
- 2.2 £20m funding had already been provided with a further £15m being held back initially whilst negotiations were on-going with the UK Government around the removal of the cap on DHP expenditure.
- 2.3 In mid-September Scottish Government announced that £12m (80%) of this would be released to the 20 Scottish Local Authorities who did not yet have sufficient funds to afford full mitigation in their area. Falkirk Council is one of the Authorities to be awarded additional monies for this purpose.
- 2.4 The final £3m (20%) will be distributed in May 2015 once the final Housing Benefit loss and actual DHP spend figures for 2014/15 are released and will reimburse local authorities against actual DHP expenditure. As part of this process, Local Authorities who still have a shortfall in funding after the £3m is distributed can submit a claim to Scottish Government which they will consider.

2.5 DWP has devolved the power to Scotland to vary / remove the cap on DHP under an s63 Order to facilitate the use of this additional funding for this purpose and approval has now been obtained from both the UK and Scottish Parliaments. It is expected to come into force on 9<sup>th</sup> December 2014. The Scottish Government will then be in a position to enact legislation to raise or remove the cap for 2014/15 and any subsequent years. DWP has again confirmed that LAs who have spent above their current cap for 2014/15 whilst the enabling legislation was being put in place will not be considered to be acting unlawfully.

2.6 Our 2014/15 projected Housing Benefit loss due to size criteria restrictions is currently £1,345,017 as outlined in the table below:

<b>HB Loss per Tenure</b>	<b>Amount</b>	<b>%age</b>
Council Tenants	£1,186,137	88%
Registered Social Landlords	£158,880	12%
<b>Total</b>	<b>£1,345,017</b>	<b>100%</b>

2.7 This figure is not static and is subject to change as people move on and off benefit. We will not know the final position until 31<sup>st</sup> March 2015.

2.8 Our confirmed DHP funding for 2014/15 and the sources is outlined in the table below.

<b>Date</b>	<b>DWP Government Contribution</b>	<b>Scottish Government Contribution</b>	<b>Total Confirmed Funding for 2014/15</b>
January 2014	£258,058		
February 2014		£387,087	
September 2014		£568,550	
<b>Total</b>			<b>£1,213,695</b>

2.9 For illustrative purposes, the table below shows the estimated potential shortfall in funding for size criteria mitigation based on the projected Housing Benefit loss.

<b>HB loss</b>	<b>Funding</b>	<b>Shortfall</b>
£1,345,016.96	£1,213,695.00	£131,321.96

2.10 The funding noted above excludes our share of the 20% hold-back which will be based on actual DHP spend at 31<sup>st</sup> March 2015 compared with total funding (from all sources) provided. If we manage to award 100% mitigation then we could be awarded sufficient funds to offset this shortfall in full. However, we cannot confirm that this will be the case.

2.11 DHP has been decided as the appropriate vehicle for payments to be made to mitigate size criteria impacts. Awards are not subject to a financial test and are not linked to a claimant's ability to pay the shortfall from their own resources.

- 2.12 As there is no discretion over the circumstances in which we make payments to this client group, then it is proposed that the DHP policy does not apply for these cases as we do not need to establish if they need “further financial assistance” to meet the shortfall in their housing costs.
- 2.13 DWP has advised that we are not allowed to apply automatic mitigation to those affected and must instead engage with Housing Benefit claimants to capture intent to claim. Where this is done, then we must award DHP.
- 2.14 We have simplified the claiming process to ensure we capture any changes in the customer’s circumstances so that mitigation is awarded at the appropriate rate. This is essential to ensure we have sufficient monies to fully mitigate for everyone affected.
- 2.15 A simple written declaration capturing this information and expressing intent to claim DHP is being gathered from all those affected who have not yet claimed. This will be followed up by telephone calls, text messaging and personal visits to ensure mitigation is effectively applied.
- 2.16 Whilst we can accept intent to claim from a claimant’s appointee, landlords are not allowed to make blanket requests for mitigation on behalf of their tenants.
- 2.17 The Revenues and Benefits Division has currently paid / committed to pay DHP of £759,454.23 for 2014/15 for size criteria only cases as outlined in the table below:

<u>Tenure Type</u>	<u>Total Paid / Committed</u>
RSL’s & Housing Associations	£101,291.10
Council Tenants	£658,163.13
Total	£759,454.23

- 2.18 They have undertaken a scoping exercise to identify all those affected since 1/4/2014 that have still not yet claimed DHP and have established that 1,200 council tenants and 320 tenants of registered social landlords are still to be afforded mitigation.
- 2.19 Whilst their take-up activity to date has been successful in ensuring that council tenants who have fallen into significant rent arrears because of this change have been awarded DHP, there are still a number of cases with size criteria arrears who have not yet claimed.
- 2.20 Therefore, the focus over the coming weeks will be on ensuring that they capture “intent to claim” from this group as well as from those that have been affected that have no rent arrears that can be attributed to the size criteria restrictions for 2014/15.
- 2.21 Where claimants who have paid their size criteria shortfall for 2014/15 fall into credit in their rent account after the size criteria mitigation adjustment for 2014/15 has been posted, the credit balance will be refunded to them or credited to their account where they agree to this.

- 2.22 As there is likely to be a minority of people who although affected will refuse to engage with the process, we will be working closely with Corporate and Neighbourhood and other Services as well as appropriate external partners to ensure effective signposting arrangements are in place so that the fund is fully utilised and to ensure support is provided to those who do not engage so that they can indicate intent to claim.
- 2.23 We will continue to pursue outstanding rent arrears from those affected by size criteria during 2013/14 in line with the policy statement agreed by Members in June 2013.
- 2.24 Affording size criteria mitigation has proven to be very resource intensive with no additional administration grant being provided to Local Authorities to administer the scheme or employ additional resource. The cost of implementing mitigation is being borne by the Local Authority.

### **DHP (Non Size Criteria Cases)**

- 2.25 The grounds and criteria to be satisfied before we can award DHP to non size criteria cases still requires a claimant in receipt of Housing Benefit with a shortfall in housing costs to demonstrate that they need “further financial assistance” to do so and to make a claim for DHP.
- 2.26 As a result the DHP policy that Members approved in 2013 still applies to this group who will be subject to a financial test and will still have to make an application for assistance.
- 2.27 As available funding to make payments for these cases is likely to be very limited for 2014/15, it more critical than ever to ensure that best practice is followed and that the assessment process examines in detail the reasons for the claim, the expected duration of the shortfall and assesses more stringently the customer’s ability to pay it from their own resources without recourse to DHP.
- 2.28 Awards for 2014/15 will continue to be made as in 2013/14 according to priority need as formerly approved by Members, but for shorter periods of time with a clear focus on those affected by other Welfare Reform changes apart from size criteria.
- 2.29 We have currently committed to pay £39K to non-size criteria cases.
- 2.30 DHP funding for this category may need to be provided by the Local Authority and a provisional budget of £80K has been set for 2014/15. Some of this may be met by any excess DWP funding we have once the year-end DHP funding distribution is finalised for size criteria. We are hopeful that we can get any shortfall in funding recovered by a supplementary bid to the Scottish Government, but no budget has been identified to cover if this isn’t forthcoming.

### **DHP and Universal Credit**

- 2.31 The current DHP system does not support claims from Universal Credit (UC) recipients and as DWP has recently announced that they are bringing forward national roll-out of UC to February to June 2015 (see section 8), the Revenues and Benefits Division will need to implement an upgrade to their current system in the next 3 months to enable them to accept claims if required.

- 2.32 Arrangements for sharing data between DWP and LAs for DHP cases are still to be finalised. However, these claimants will also be subject to the same measures as HB recipients outlined in the policy depending on whether they have the size criteria restriction applied to their UC award or whether they have a shortfall in the housing cost element they receive from UC compared with their rent which is not size criteria related.

### **3. FRAUD AND ERROR SERVICES (SINGLE FRAUD INVESTIGATION)**

- 3.1 Responsibility for investigating Housing Benefit fraud in the Falkirk Council area transferred from the Revenues and Benefits Division to the new Fraud and Error Service from 1/11/2014. Falkirk Council is in Phase 2 of the transfer immediately following the pilot sites.
- 3.2 Following representations from COSLA, DWP did not put the roll-out of Fraud and Error Service on hold, despite the fact that the Smith Commission is considering amongst other matters if Housing Benefit should become a devolved power. Further representations have been made more recently by UNISON and Members of other political parties urging DWP to reconsider.
- 3.3 Two posts are deemed to be in scope for transfer to the new organisation. One of these posts is currently vacant, while the member of staff who is in the other post has been given and accepted their letter of appointment. The only outstanding terms and conditions issue which is still the subject of national negotiation and discussion is the transfer of pension rights.
- 3.4 A Service Level Agreement has been signed which will govern the ongoing liaison, referral and data-sharing arrangements as Local Authorities continue to have a significant role to play, although from their transfer date they will no longer investigate allegations of Housing Benefit fraud nor apply sanctions (apart from Administrative Penalties), or pass cases for prosecution.
- 3.5 Most of the provisions of the Benefit Fraud and Prosecution Policy which Members approved no longer apply and a new policy will be drafted if required to reflect the new arrangements.
- 3.6 Whilst responsibility for carrying out fraud investigations transfers to the new organisation from 1/11/2014, the Revenues and Benefits Division is still responsible for carrying out Council Tax Reduction investigations if appropriate and for ensuring that both Council Tax Reduction and Housing Benefit are properly payable with fraud and error being prevented. However, there are no longer any powers to apply sanctions, penalties or prosecutions for Council Tax Reduction in Scotland unless under the Theft Act.

- 3.7 In addition, as they remain the decision-makers on Housing Benefit, they continue to be responsible for acting as liaison with the Fraud and Error Service, reassessing entitlement after an investigation, raising and pursuing recovery of any resultant overpayments, applying Administrative Penalties where fraud has been proven and this is the sanction to be applied as an alternative to prosecution and pursuing recovery of these penalties.
- 3.8 As a result, a Compliance and Investigation Team is being retained within the Revenues and Benefit Division to enable them to continue to meet their ongoing responsibilities in relation to the above. The team will also deal with a wide range of both internal and external data-matching and provide investigative support to Internal Audit as required.
- 3.9 Following a successful pilot that is expected to generate net savings of £70K, they also now carry out Council Tax Discount and Exemption investigations. As a result of this success the role of the team will be further extended into other areas of Council Tax / Non Domestic Rates avoidance and other areas of Corporate Fraud that may produce savings are being explored in conjunction with Internal Audit / other Services.
- 3.10 Existing Housing Benefit fraud investigations that are open at close of business on 31<sup>st</sup> October 2014 will transfer over to the Fraud and Error Service. From that date, any new referrals of allegations of Housing Benefit fraud are also being passed over to the new organisation to investigate. DWP is writing to those affected to confirm the new arrangements and that they are taking over the investigation. However, they have also confirmed that there will be a delay of a month or more before cases are allocated to the Fraud and Error Service investigators and progressed.
- 3.11 As a result of the transfer, DWP has confirmed that £79,745 of our Housing Benefit admin funding for 2015/16 will be paid instead to the Fraud and Error Service. The posts that are transferred will be deleted from our staffing establishment.

#### **4. WELFARE FUNDS (SCOTLAND) BILL**

- 4.1 The Welfare Funds (Scotland) Bill was introduced in the Scottish Parliament on 10<sup>th</sup> June 2014, to create a statutory basis for the Scottish Welfare Fund (SWF). The intention of the bill is to set out in legislation arrangements that have been in place since April 2013, with the addition of a requirement for the Scottish Public Services Ombudsman (SPSO) to carry out reviews in relation to local authority decisions on provision of assistance under welfare funds.
- 4.2 Elected Members were previously consulted regarding the two consultations undertaken in relation to this bill:
- The Welfare Reform Committee sought views on the bill in relation to the bill in general, administration of the funds, review of decisions and the SPSO, the Financial Memorandum and other provisions;
  - The Finance Committee sought responses to a number of questions specifically relating to the bill's Financial Memorandum, covering the financial implications of the bill for the council.

4.3 The following summarises the responses provide both by Falkirk Council and COSLA to these consultations:

#### **Welfare Reform Committee Response:**

- Both Falkirk Council's and COSLA's responses highlighted concerns over the level of administrative funding;
- Both responses highlighted that if the 2<sup>nd</sup> tier review process is transferred to SPSO, councils are likely to face costs associated with supporting this process through provision of information. Additionally, both responses highlighted that it is unlikely that councils will make savings associated with not conducting 2<sup>nd</sup> tier reviews, as this process has been delivered through existing resources;
- Falkirk Council suggested that it may be worthwhile extending the circumstances around repayment of grants to help to address the small number of occasions where successful grants are sold on – if individuals are aware they could be asked to repay the grant should it become clear that they had sold it on, this might reduce the risk of this happening;
- The Falkirk Council response highlighted that the budget associated with SPSO conducting 2<sup>nd</sup> tier reviews is reasonably high, given that to date; we have carried out the 2<sup>nd</sup> tier review function within our existing resource provision.

#### **Finance Committee Response**

- Both responses highlighted the possible costs for local authorities associated with supporting the SPSO 2<sup>nd</sup> tier review process;
- Both responses highlighted a possible shortfall in administrative funding;
- Both responses highlighted that transfer of the 2<sup>nd</sup> tier review function to SPSO is unlikely to result in savings for local authorities

### **5. TENANCY SUSTAINMENT OFFICERS**

- 5.1 Over indebtedness can crush vulnerable households and affects living standards, health and wellbeing. However the Council has a legal and contractual right to collect any rent due and to recover any arrears that may arise.
- 5.2 The need for effective rent control systems, early intervention with associated debt advice and appropriate support is growing as the financial health of tenants deteriorates in the face of general economic climate and on going uncertainty around welfare reform. This initiative is seen as complementing the Council's strategic objectives in the Corporate Plan and Fairer Falkirk commitments.
- 5.3 This joint initiative between housing and finance services builds upon housing's direct relationship with large numbers of residents. Given housing's unique position in the community, this initiative provides an opportunity to make a major contribution to the promoting of financial inclusion and debt management.
- 5.4 The pilot has been in operation for just under three months and early customer feedback has been positive, reflective of the emphasis on early engagement and dialogue with service users.

The Tenancy Sustainment Officers are now beginning to create effective relationships with internal colleagues and external partners, e.g. support providers, thereby ensuring that the appropriate advice and assistance is provided.

- 5.5 A total of 13 Tenancy Sustainment Officers (TSOs) have now been appointed and are distributed throughout the 7 Local area Housing Offices, with a Link Officer based in the Corporate Debt Team.
- 5.6 Intensive training has been completed in two tranches (9 TSOs started in July, 3 in September and 1 in November 2014).
- 5.7 TSOs have been trained to provide holistic support to those falling into rent arrears, to help us tackle non-engagement that the traditional recovery processes engender, identify causes for non-payment, help us to maximise Housing Benefit and DHP where appropriate and signpost to appropriate advice and support for any issues identified where required.
- 5.8 They have a wider tenancy sustainment role with a focus on preventing new tenants falling into rent arrears and when they do, personally engaging at an early date to prevent significant costs to the Local Authority arising at a later date e.g. cost of re-housing if evicted, Anti-Social Behaviour, reducing abandonments etc.
- 5.9 The project is being jointly managed and performance monitored. To date we have had very positive feedback from tenants who have engaged. Tenants appear to welcome both the personalisation (one to one relationship) and the ability of the TSOs to not only deal with basic enquiries but act as a conduit for tenants to access more specialist advice and support.

## **6. UNDERSTANDING CUSTOMER REQUIREMENTS**

- 6.1 In May 2014, the Council Executive approved the expenditure of up to £35,000 from the Fairer Falkirk Fund to commission a piece of research to provide us with a better understanding of our customers' requirements for support, particularly in response to welfare reform changes, and with an emphasis on 'hard to reach' customers who do not currently use our support services. The outputs of the work will inform future support service delivery including identifying additional service requirements and opportunities to improve service delivery and communications, especially to target service delivery at vulnerable customers.
- 6.2 Following a 'Quick Quotes' procurement exercise via Public Contracts Scotland, Jump Research Ltd were contracted to deliver this piece of work. Jump Research Ltd are a market research consultancy with extensive experience in conducting research on sensitive topics with 'hard to reach' audiences. 246 people participated in the research through a mix of qualitative and quantitative methods. All participants lived in the Falkirk Council area and were in receipt of benefits affected by the welfare reform changes.

6.3 Lack of awareness of Falkirk Council's Service provision was identified as a barrier to engagement. The following measures were recommended to raise awareness of services, particularly with vulnerable 'hard to reach' audiences:

- Promoting wider services through existing customer touch points (written and verbal) such as in letters sent to those receiving housing benefit, via posters and leaflets in one-stop-shops and through frontline staff.
- Ensuring partner organisations are fully aware of the range of services provided by Falkirk Council and the routes for customer referral.
- Working closely with partner organisations to provide a clear, cohesive and structured pathway to accessing support.
- External promotion through location-based advertising and relevant local media channels.
- Consideration of the creation of a dedicated Information & Advice brand that could be used by Falkirk Council and other partners as a definitive badge to accessing impartial information and advice.

6.4 A number of issues were raised throughout the research regarding current service delivery, therefore a series of recommendations on addressing these to improve service have been made:

- Review communications guidelines for staff delivering frontline services with a view to ensuring staff are kept fully informed and up-to-date about rules and regulations around service delivery as well as changes to policy.
- Conduct training with frontline staff around how to engage with vulnerable 'hard to reach' customers in an approachable and helpful way.
- Consider adopting a more holistic approach to dealing with customers such that additional services can be recommended and accessed.
- Consider implementing a key worker system where a single staff member takes responsibility for finding solutions to the full range of a customer's needs.
- Explore the possibility of offering an 'outreach' system to specific groups who require additional support to access services.
- Implement practical solutions within one-stop-shops to improve the customer experience; such as increasing privacy, providing greater clarity around queue systems, increasing flexibility within service provision for those with multiple issues and providing access to specialist advice in smaller shops through a rotation system.

6.5 Work is currently underway looking at how the Council's support services should be delivered to ensure customers in need of support are supported appropriately and effectively. This includes looking at how the Council's frontline services might be realigned to improve the customer experience whilst also delivering efficiencies. This work is being taken forward by the Better Supporting Customers work-stream, under the direction of the Welfare Reform Governance Group. The conclusions and recommendations arising from the Understanding Customer Requirements are being considered as part of this work, and will inform future support service delivery.

## **7. BUILDING RESILIENCE PROJECT**

- 7.1 Falkirk Council secured £66,250 from the Scottish Government Welfare Reform Resilience Fund to deliver a pilot project, with partner agencies, to improve support for customers with complex needs, in partnership with Falkirk's Mental Health Association (FDAMH), local Citizen's Advice Bureaux and the Department for Work and Pensions.
- 7.2 The project aims to deliver Mental Health First Aid training to over 200 frontline staff and result in a certified Mental Health First Aider being available in each of the Council's main customer contact offices.
- 7.3 Additionally the project will test the value of a small Multi Agency Support Team based within Job Centre Plus. The roll of this team is to meet with customers who may require additional support and reduce the chance of those customers reaching crisis point by identifying and prioritising their support needs, providing support where possible and making referrals for additional support as required.
- 7.4 The Multi Agency Support Team have been in place since mid October and whilst they have encountered some issues around their remit, how they work together and the challenges of remote working, they have already provided support to a number of customers with complex issues and multiple support requirements.
- 7.5 As part of this project a dedicated session on Mental Health is currently being arranged for Falkirk Council's Elected Members, to increase awareness and understanding of mental health and mental illness and the support that is available to people experiencing reduced mental wellbeing. Additionally Members are encouraged to participate in the Mental Health training courses that are being held from now until the end of March 2015.

## **8. ROLL OUT OF UNIVERSAL CREDIT**

- 8.1 DWP recently announced that the roll out of Universal Credit will be expanded to all Job Centres in all areas of the UK from February 2015. This expansion will be for single claimants previously eligible for Job Seekers Allowance and will include applicants with housing costs who would otherwise receive housing benefit.
- 8.2 The Scottish Government requested that this expansion does not include Scotland until devolution of Housing Benefit is considered by the Smith Commission, however this request was declined with a statement from a UK Government spokesperson saying business would continue as planned.
- 8.3 Whilst the roll out timetable has not yet been announced, we understand from recent discussions with COSLA that the Falkirk area has not been included in the draft list of 9 Scottish Councils that will form the first tranche of roll out in February 2015. It is therefore likely that Falkirk will be included within further roll out from May 2015.

- 8.4 Roll out in 2015 is likely to be constrained to a small number of clients with further roll out not expected until 2016. Based on estimates of likely claimant numbers and findings from Inverness, where Universal Credit has been in place for single claimants since November 2013, it is likely that we could have approximately 2400 clients claiming Universal Credit by the end of the first year. This represents 11% of the estimated total number of clients likely to claim Universal in the Falkirk Council area. This estimate is in line with figures from Revenues and Benefits who currently receive 10 new claims daily for this client group who have housing costs.
- 8.5 The introduction of Universal Credit has significant practical implications for Revenues and Benefits. Some of these issues are considered in more detail in Section 9.
- 8.6 The DWP plan to engage councils or other support agencies to deliver support around digital inclusion, financial budgeting and triage. This support, previously known as Local Support Services has been recently rebranded Universal Support – Delivered Locally.
- 8.7 While the DWP are developing a framework for Universal Support – Delivered Locally, Members will be aware that the council currently delivers a wide range of services that support people including support to develop literacy and IT skills, debt advice and support, welfare benefits support and employability support.
- 8.8 Falkirk Council needs to decide if it wishes to engage with the DWP to provide more targeted support as part of Universal Support – Delivered Locally. As part of this, a full understanding of what resources DWP will provide in association with this support, how the support would be accessed and what conditions would be attached to the delivery of this support needs to be established.
- 8.9 Additionally, the Council needs to consider whether to offer further support to this client group alongside the support that DWP are willing to provide funding for.
- 8.10 A number of projects are currently underway across the Council area which have links to the support that might be provided under Universal Support – Delivered Locally. including:
- The Building Resilience project which aims to improve support for customers with complex needs includes piloting a triage type service.
  - The Employment and Training Unit are currently working with Criminal Justice and Community Learning and Development to deliver a coordinated assessment and support service to those furthest from the labour market, with an initial focus on care leavers, ex offenders, veterans and those in receipt of tenancy support or supported accommodation.
  - Forth Valley College are currently implementing a project, in partnership with Community Learning and Development which aims to get more people online, via IT courses and drop in sessions. This project is aimed at those furthest from the labour market with an initial focus on care leavers, ex-offenders, veterans and those in receipt of tenancy support or in supported accommodation.

- 8.11 The findings and learning from these projects should be considered as we develop our approach to supporting customers applying for Universal Credit.
- 8.12 There are linkages between the support that could be provided under Universal Support – Delivered Locally and the support delivered as part of the Employability Pipeline and there may be opportunities to align aspects of this support with European Social Funding.
- 8.13 Additionally we recently undertook an extensive mapping exercise to understand how financial capability is currently delivered across the Falkirk Council area and this is being fed into the Financial Inclusion and Capability Strategy that we plan to develop this financial year.
- 8.14 It is worth noting that the representations from all the parties participating in the Smith Commission propose devolution of UK responsibilities for Employability and Skills with some parties also proposing a further devolution of responsibilities to Local Authorities. These responsibilities are likely to include the work programme.

## **9. THE FUTURE OF HOUSING BENEFIT**

- 9.1 The Smith Commission is currently considering what additional powers should be devolved to Scotland and one of the proposals is to devolve Housing Benefit as it is closely aligned to housing policy. We expect an announcement on this early in 2015.
- 9.2 As Members will be aware, under the government's Welfare Reform agenda, Housing Benefit for working age claimants was due to be abolished and replaced with a "housing cost element" of Universal Credit.
- 9.3 DWP has recently announced that they will now accelerate the Universal Credit program and plan to roll-out new claims for single claimants previously entitled to Job-Seekers nationally from February to June 2015. At the moment DWP still intend this roll-out to include housing costs.
- 9.4 This means that the Revenues and Benefits Division will need to put in place processes and systems to end Housing Benefit, share data on Universal Credit / housing costs with DWP, introduce a new DHP system to cater for Universal Credit claimants and review rent recovery and collection arrangements to cater for the impact of Direct Payments in an extremely compressed timescale.
- 9.5 In relation to the timescales for the roll-out of Universal Credit to other client groups and the migration of the existing legacy benefits including working age Housing Benefit, the latest DWP update states "the Department will personalise support to maximize flows into work as more households move onto Universal Credit as legacy benefits close to new claims from 2016. This establishes the Universal Credit service across Great Britain, complete by 2017, with caseloads continuing to build naturally thereafter".
- 9.6 What these legacy benefits will be and if they include Housing Benefit for working age claimants as planned depends on the outcome of the Smith Commission discussions.

9.7 No further information has been released on the future of Housing Benefit for pension age claimants and we expect this to remain the responsibility of the Local Authority for the foreseeable future.

## **10. RECOMMENDATIONS**

10.1 **It is recommended that Members:**

10.2 **Note the content of the report and the future changes to benefits and the impact this will have on Council services;**

10.3 **Note the update on Size Criteria Mitigation and agree that the Discretionary Housing Payments Policy approved in May 2013 will not apply for cases relating to size criteria restrictions as described in Section 2;**

10.4 **Note the findings of the work undertaken to Understand our Customer Requirements and agree that a report on the outcomes of the work arising from this report will come back to Members in due course;**

10.5 **Take up the opportunity to attend the Elected Members Mental Health Awareness session; and**

10.6 **Note the timescales for roll out of Universal Credit and approve engagement with DWP to explore how Universal Support – Delivered Locally could be delivered and the implications for Council services and citizens in receipt of support.**

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**DIRECTOR OF CORPORATE &  
NEIGHBOURHOOD SERVICES**

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**CHIEF FINANCE OFFICER**

Date: 30 October 2014  
Ref: ABB0212SB – Welfare Reform Update  
Contact Name: Sally Buchannan

### **LIST OF BACKGROUND PAPERS**

1. 'Towards a Fairer Falkirk' – Update Report, 27<sup>th</sup> May 2014.
2. Responding to the Impact of Welfare Reform – Understanding Customer Requirements – Jump Research, June 2014
3. Identifying and Supporting Customers with Complex/Multiple Needs - Welfare Reform Resilience Fund Proposal – April 2014
4. Building Resilience Project – Mental Health Training Calendar – October 2014

Any person wishing to inspect the background papers listed above should telephone Falkirk 01324 506189 and ask for Sally Buchanan.