

**FALKIRK COUNCIL**

**Subject: WELFARE REFORM**  
**Meeting: FALKIRK COUNCIL**  
**Date: 26 September 2012**  
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**1. INTRODUCTION**

- 1.1 As Members will be aware, the Welfare Reform Act received Royal Assent on 8 March 2012. This Act sets out how the UK Government intends to transform the welfare state and improve work incentives. This is a fundamental shift in the UK Government's policy for people of working age, in that the principle of entitlement to benefit has changed to one of eligibility, but only if individuals of working age demonstrate that they are in work or are actively seeking work or training. There is essentially now an expectation that if you are of working age you should be in work, training or education.
- 1.2 This report will consider some of the issues associated with welfare reform, but its main purpose is to consider the Council approach to the impact of delivery of Universal Credit on claimants and some of the issues associated with providing a flexible, holistic service that will support claimants. This report will also update Members on the Fairer Falkirk Fund, which has been aligned to ensure that we can mitigate some of the impacts of Welfare Reform by supporting employability projects but also by supporting advice and support organisations.
- 1.3 The key dates for these changes are:
  - Local government is expected to be delivering the Scottish Community Support Fund from April 2013;
  - Local government will be expected to be providing a face to face service for Universal Credit benefit claimants from October 2013.
- 1.4 However, as Members are aware, these are not the only change to the welfare benefit system. A full list of the changes and the impact of these are listed as Appendix I.
- 1.5 These changes to welfare benefits will have a significant impact on our citizens and our services. These changes will also have an impact on the Council's ability to deliver on our Poverty Strategy – Towards a Fairer Falkirk. It is therefore important that a strategic approach is taken to the way we deliver services and facilitate services and external organisations to help mitigate the impact of these changes on our communities and services.
- 1.6 There has been a series of reports to the COSLA Leaders Group proposing that local government takes a wide approach to these issues. It has therefore been agreed that a national delivery group should be established to consider all Welfare Benefit Reform, not

just Universal Credit. Officers will ensure the deliberations of the Group are factored into local planning.

## 2. SOCIAL FUND REFORM

2.1 The Social Fund is currently a diverse set of payments, grants and loans with differing eligibility criteria. Some elements of the Social Fund will remain, but Community Care Grants and Crisis Loans will be abolished from April 2013, with funding being transferred to the Scottish Government in April 2013. The working title of the new fund is the 'Scottish Community Support Fund'. The allocation for Scotland has been recently announced:

- Programme funding (an indicative £23.795m),
- Set up costs (a one-off amount of just under £240,000 this year) and;
- Running costs (just over £5m in 13/14, falling to just over £4.6m in 14/15).

2.2 The distribution of funding across Councils has yet to be decided, however the allocation of funding is expected to be based on the proportion of Social Fund expenditure in 2011/12. This funding is to be ring-fenced for this purpose only.

2.3 The most recent yearly figures would suggest that Falkirk Council would receive approximately £1m, however, as this budget is being reduced, it would be extremely unrealistic to plan the new service based on the current expenditure, which is set out in the table below:

	<b>Crisis loan</b>	<b>Community Care Grants</b>	<b>No of applications</b>	<b>Total</b>
2010/11	£259,900	£585, 100	CL - 5,860 CCG – 2,060	£845,000
Apr 11 – Sep 11	£101,900	£284, 500	CL – 2,440 CCG – 1,130	£386,400

2.4 To allow the Scottish Government to administer this fund, the Social Security Reservation in the Scotland Act 1998 will need to be amended, which requires the agreement of both the UK and the Scottish Parliaments. Due to parliamentary timescales and timetables, and Section 20 of the Local Government Act - 'the power to advance wellbeing' is being used to allow progress to be made on this

2.5 The Scottish Government is in the process of drafting national guidance, which will include a national application form. There will be local discretion and flexibility with regard to the type of help and support offered. The Scottish Government will own the guidance and will set out the national requirements, but local government will own the local delivery arrangements. It is worth bearing in mind that years 1 and 2 of the new Scottish Community Support Fund will be a temporary or an interim scheme until primary legislation and a permanent scheme can be put in place from April 2015.

- 2.6 It is expected that local authorities will deliver the Scottish Community Support Fund on behalf of the Scottish Government. The fund will offer grants or in kind support such as travel warrants, fuel cards, furniture etc in order to:
- Provide a safety net in an emergency or when there is an immediate threat to health or safety; and
  - Enable independent living or continued independent living, preventing the need for institutional care.
- 2.7 The fund will not be targeted on specific groups but it is expected that most users will be:
- Disabled people;
  - Lone parents;
  - Unemployed people;
  - Older people;
  - Care leavers;
  - Homeless people;
  - Ex-offenders; and
  - Carers.
- 2.8 At present, the Scottish Government is open to looking at what works best. There is a view that replicating the existing scheme is not necessarily appropriate and local Councils are being encouraged to develop innovative local solutions. For example, at present the vast majority of community care grants are used for beds, bedding and white goods. Crisis Loans are mainly used to pay for electricity or food. Rather than give money, it might be, for example, more relevant to enhance our existing furniture packages using this funding, rather than establish a new grant fund.
- 2.9 The Scottish Government are focusing on eligibility as the budget available will be a real terms cut and it is anticipated that there will be a higher demand for the grants and crisis support because of the other changes to the benefits system. Councils can use their own budgets to enhance or meet shortfalls within the scheme, or indeed, could extend existing support such as furniture start up schemes.
- 2.10 It will also be possible to commission an external partner to deliver this service on our behalf if this would best meet local needs.
- 2.11 The Scottish Government and COSLA have recruited a member of staff, to ensure that arrangements are in place by April 2013 for this new fund. From July until December 2012, the Scottish Government is undertaking the detailed planning. From January to March 2013, Scottish and local government will be gearing up for implementation and will be involved in testing, training and providing information on the new scheme so that it is operational in April 2013. From April onwards, there will be a process of monitoring, evaluation and consultation in preparation for the legislation needed for a permanent arrangement.
- 2.12 Council Officers are working closely with the Scottish Government and COSLA in preparation for this new fund. It is important that, as a Council, we determine the best model to deliver this new fund locally and in a way that best meets our citizens' needs. We must ensure that people are not further put into poverty unnecessarily if they are

unable to access crisis payments or if appeals processes do not provide appropriately timely decisions. Equally though, we must make sure that the new process does not put additional burdens on the Council to meet unmet demands because of national changes.

- 2.13 However, it is recognised that the new arrangements will not just necessitate a financial assessment but a determination of support need and the provision of goods as an alternative to a financial payment. This will require a partnership approach to any agreed solution.
- 2.14 Councils have been asked by the Scottish Government to decide on:
- Channels for delivery of the scheme locally;
  - Where this will sit in the Council; and
  - Links with other Councils and partner services.

### **3. SIGNIFICANT CHANGES TO THE WELFARE SYSTEM**

#### ***Universal Credit***

- 3.1 Universal Credit is described by the DWP as a policy that tackles welfare dependency, poverty and worklessness by making work pay. It is a benefit that replaces a complex system of working-age benefits and credits with a Universal Credit with a single set of rules. It is described as a gateway that, together with employment support programmes, helps people into work. It will be delivered through a platform which is digital by default, whilst continuing face to face support for those who need it.
- 3.2 The DWP are leading on the delivery of Universal Credit and are drawing on the expertise of HMRC (for tax credits) and local government (for Housing Benefit). There is an expectation that the service will be digital by default, because there is a belief in the UK government that is a better way to do business. It is recognised that some claimants will require help to use the online service - mainly by phone, or post. The DWP will continue to deliver a face to face service for claimants who need this. There will be a DWP processing centre in Glasgow and DWP telephone contact centres in Dundee and Paisley.
- 3.3 The DWP believe that the new service will be relatively straightforward for the vast majority of changes. The DWP are working with the commercial banking sector and credit unions to develop bank accounts that have in-built budgeting capability. Work is being undertaken to understand the needs of different households in relation to building solutions into mainstream support or to develop tailored solutions. An exceptions framework is being developed for those individuals who are unable to manage Universal Credit.
- 3.4 As Members will be aware, Universal Credit combines a number of existing benefit payments into one single payment. Housing Benefit for working age claimants will be absorbed into Universal Credit from October 2013 and responsibility for paying housing costs for pension age claimants will transfer to the Pension Disability and Carers service a year later. Council Tax Benefit schemes will be replaced by a Council Tax Reduction scheme from April 2013 onwards.

- 3.5 The DWP has written to all local authorities stating that there is an expectation that local government should start 'managing down' Housing Benefit Services whilst retaining enough capacity to provide a service to those claimants who will need the service prior to full migration. At the same time, the DWP expects that, during this period, authorities will continue to strive to deliver continuous improvement and the Housing Benefit function will continue to be subject to scrutiny and regular inspection.

### ***Housing Benefit***

- 3.6 As noted above, Housing Benefit will start to be replaced by a single Universal Credit payment from October 2013 for out-of-work claimants and from April 2014 for those in work. The existing c 8,500 working-age claims will then start to migrate to Universal Credit, which will be administered centrally by DWP. Support for housing costs for the c4,700 pension age claims will transfer over to Housing Credit from October 2014. The migration for both groups will take place during 2013 to 2017. There will be a small residual caseload that will continue to need help with housing costs who do not fall under the new arrangements e.g. supported accommodation.
- 3.7 The Housing Benefit administration grant currently allocated by the DWP to the Council of approx £720k p.a., to cover the costs of administering the existing scheme, will be reduced from October 2013 and phased out by the time that the migration is complete.
- 3.8 Publication of the migration timetable itself has been delayed and it will not be published until spring 2013. This, together with the key funding announcements outlined above, is critical to enable the Council to develop a new model of service delivery, manage our workforce and support them through this significant change and transition, in addition to ensuring we keep our citizens advised and supported through these significant changes.
- 3.9 DWP has said that they will work with local government to understand the decommissioning process for Housing Benefit, so that the specific issues are understood and to scope what ongoing funding might continue to be made available to local government, as there will still be areas of administration to be delivered on an ongoing basis after the introduction of Universal Credit. They recognise that, although the number of staff involved in delivering support for housing costs will significantly reduce, there is still a need for authorities to continue to deliver support to those not being transferred over to the new arrangements but also to continue to administer the Discretionary Housing Payment scheme.
- 3.10 It is clear though that, in the longer term, fewer staff will be needed to administer benefits but at this stage we do not know exactly how many staff we will require to support the new models of service delivery that will be needed to support people in need. What is clear is the importance of start engaging with staff and the trade unions on the implications of these changes as soon as possible.

### ***Council Tax***

- 3.11 The Council is responsible for administering the existing Housing and Council Tax Benefit schemes, which are means-tested, and will continue to be responsible for administering the replacement Council Tax Reduction scheme from April 2013 onwards.
- 3.12 Currently most of the benefits administration staff, approximately 90 people, are generic, not only dealing with the administration of both these schemes, but also administering the

billing, collection and recovery of Council Tax and rents. There are only a few staff that do not have a generic remit. Claims for Housing and Council Tax Benefit are currently made together with a single processing of awards from a single claim using shared calculation parameters (with minor variations).

- 3.13 Council Tax Benefit is being abolished from April 2013, as responsibility for delivering a local system of Council Tax support is being removed from DWP and devolved to Scottish Government.
- 3.14 The replacement scheme, Council Tax Reduction, will be delivered by local authorities. The funding to administer this new scheme will come from the Scottish Government but from a reduced allocation. Scottish Government will be responsible for distributing the reduced budget. It was initially estimated that there would be a 10% reduction equivalent to £40m nationally (£900k estimated for Falkirk Council). DWP has, however, in the last few days confirmed that the funding reduction has been underestimated with it more likely being in the region of 13% in 2013/14 rising to 18% by 2015/16. This would equate to £52m nationally (£1.2m estimated for Falkirk Council) for 2013/14 rising to £72m (£1.6m estimated for Falkirk Council) by 2015/16. The Scottish Government and CoSLA are currently looking at the possibility of devising a scheme to offset these reductions.
- 3.15 The Council Tax Reduction Scheme will, for 2013/14 only, continue to be calculated on the same basis as the existing schemes, but this is expected to change when the permanent scheme comes into force from April 2014. Therefore, in the short term, the current arrangements will continue, with the Revenues and Benefits Unit required to administer the interim arrangements. However, until decisions are made on the design of the permanent scheme and the funding arrangements that will be made available to local authorities to deliver it, it is difficult to ascertain what resources the Council will require from April 2014 onwards to administer this function and what the cost of administration will be.

### ***Benefits Cap***

- 3.16 From April 2013, a cap will be placed on the level of working age benefits a claimant or household can receive. The aim of this is to equalise the income of working families with those receiving out of work benefits. The benefit cap will be set at £500 per week for couples with or without children and lone parents with dependent children and £350 per week for single adults.
- 3.17 DWP have confirmed that 65 households in the Council area will potentially be affected by the cap from April 2013. The tenants affected will face a combined loss of £3,700 per week in Housing Benefit. (this averages out at £56.20 per household per week) 50% of these households are Council tenants (3 in homeless accommodation) where the total HB loss is £1,600 per week.
- 3.18 Local authorities will be responsible for administering and applying this cap to Housing Benefit payments. The DWP has already started to identify customers that may be affected and engage with them. They have provided local authorities with a list of affected claimants and the Revenues and Benefits Division will apply the cap to the Housing Benefit awards.

- 3.19 DWP is also providing an extra ring-fenced Discretionary Housing Payment budget of up to £75m in 2013/14 and up to £45m in 2014/15 to local authorities, which can be used to provide short-term assistance to those affected. The funding arrangements for individual Councils for 2013/14 will not be announced until the autumn.

### ***Social Rented Sector Size Criteria***

- 3.20 Housing Benefit is a vital income stream not only for tenants but also landlords in the social rented sector. From April 2013, the eligible rent used to calculate Housing Benefit for Council tenants and those renting from Registered Social Landlords will be reduced by a flat rate percentage, depending on how many bedrooms a working aged household is considered to require. A 14% deduction will be made for those who under occupy their bedroom by a single bedroom and 25% will be deducted for under occupying a home by two bedrooms or more.
- 3.21 The size criteria used in this assessment will be the same criteria currently used when calculating Local Housing Allowance in the private rented sector; one bedroom will be allocated for each of the following:
- A couple;
  - A person who is not a child (aged 16 and over);
  - Two children of the same sex;
  - Two children who are under the age of 10;
  - Any other child (other than a foster child or child whose main home is elsewhere); and
  - A carer (or group of carers) providing overnight care.
- 3.22 This is significantly different from the criteria used by the Council in applying its allocation policy to decide the size of property which meets the needs of the tenant's household. The allocations policy will need to be reviewed to reflect these changes and to meet the increased demand placed on the Authority for one-bedroom and two-bedroom properties. Tenants being offered a tenancy that is overlarge for their household needs according to the benefit size criteria will need to be made aware of the impact this will have on their Housing Benefit award when the offer is made, to minimise potential financial hardship and prevent the possibility of rent arrears. They will also have to be made aware of the availability of alternative means of funding any shortfall they may face and be provided with budgeting advice if required.
- 3.23 An analysis of the existing Housing Benefit caseload for Council tenants has established that 2,677 tenants are over accommodated. 2,057 need a one bedroom property, 563 a 2 bedroom and 57 a 3 bedroom. The total combined weekly benefit loss for those affected is £25k, which equates to an additional £1.2m to be collected in rent annually.
- 3.24 To help mitigate the impact, the DWP will be providing an additional £30m ring-fenced Discretionary Housing Payment funding in 2013/14, and the same amount in 2014/2015, to afford protection from these changes for two specific groups of social tenants. The first group are disabled people who live in significantly adapted accommodation and who may need additional support to remain in their homes. The second group are foster carers. Other tenants will be able to apply for short-term support out of the existing Discretionary Housing Payment budget if they are affected by this change.

- 3.25 It is anticipated that there may be an increase of homelessness as a result of these changes, in addition to a real pressure on smaller properties.

### ***Personal Independence Payment***

- 3.26 Personal Independence Payment will replace Disability Living Allowance for working age claimants aged between 16-64 years of age. This will be paid to people in or out of work. A face-to-face assessment will be a key part of the process, so everyone who is currently receiving DLA will be reassessed. If awarded, this will be periodically reviewed to determine that an individual is still eligible. The assessment will consider how an individual's health or disability affects their day-to-day life. Again, applications will be made on line, i.e. digital by default. Existing claimants will be moved from DLA to PIP from April 2013 to March 2016. DLA is a qualifying benefit for our home care charging policy, Garden Aid, etc, which will have to be reviewed as a result. It is also a qualifying condition for a number of Council Tax exemptions/discounts and a premium for Housing and Council Tax Benefit which reduces the amount of rent / Council Tax a recipient has to pay. As a result, where a customer is not awarded PIP, this will have a significant impact on the household income and well-being.
- 3.27 Additionally, if people in receipt of benefit do not meet requirements set in relation to looking for work or attending job-seeker interviews, they will face additional cuts to their benefits and for significant periods of time – the ultimate sanction is having no income from benefits for up to three years.

### ***Payment and Application Changes***

- 3.28 The other changes that are likely to impact on individuals significantly are the shift to a single monthly payment, including housing costs, made to the family household rather than the individual, which will force a change in money management for those on benefits. The housing element of benefits will also be paid directly to the claimant and thus they will have to make arrangements for paying rents etc.
- 3.29 This approach is intended to prepare claimants for any later transition to work as there is a view that most people in work receive wages on a monthly basis. If we know these changes are coming it might be worth considering if there are any changes that we can make to existing working practices to help customers/tenants/clients cope with these future changes. Community Learning and Development have a key role in promoting financial inclusion and financial capability. In addition, most applications, contacts etc will be done on line. There will be few exceptions to this, with the expectation that people should have these skills as a matter of course.

### ***Universal Credit - providing a face to face service***

- 3.30 The Scottish Government, some Scottish local authorities and COSLA are represented in the groups established to develop local solutions to the national introduction of Universal Credit. The Scottish Government are members of the Universal Credit Stakeholders group, COSLA are members of the Senior Stakeholder Board and there is input from Scottish Local Authorities to Universal Credit working groups. The Universal Credit Scottish Advisory Group provides a tri-partite forum to jointly consider impact of Universal Credit in Scotland and to consider where better alignment is needed between welfare reform measures.

- 3.31 As a consequence of these and other discussions at a UK and a Scotland-wide level the DWP have become aware of the many partnerships that currently exist in local communities. They have recognised that the implementation of Universal Credit will rely on the already close partnerships developed in some local authority areas. DWP through Jobcentre Plus believe that they need to proactively engage with these partnerships to ensure a holistic claimant experience. Officers from Falkirk Council are meeting with the DWP to gather information and to be clear about each other's expectations and approach to the new service.
- 3.32 It is important to note that the DWP will still remain in control of administering and processing Universal Credit and will continue to provide a face-to-face service at its Jobcentre Plus offices for claimants who need this. Members should also be aware that Jobcentre Plus is being reabsorbed into the DWP.
- 3.33 The DWP have suggested that links between Job Centre Plus Managers and local partnerships should be strengthened to ensure that people can be supported in looking or preparing for employment. It is evident that any face to face service commissioned by the DWP will be based on the needs of a particularly vulnerable group of claimants and its primary focus will be providing digital assistance and budgeting support. However, it is now not clear if the DWP will commission these particular services or if they will just continue to fund the Housing Benefit Services provided by local government.
- 3.34 If people on benefit are well supported through this change, this could be a huge opportunity to improve their financial capability. If not, the financial consequences may well result in longer-term debt, including rent arrears and a variety of other problems.
- 3.35 COSLA has stated that local government wants to prevent crises arising by working with claimants at as early a stage as possible. COSLA believes that local authorities are already in a position to target support to vulnerable groups and that Councils could potentially offer a wrap-around service. COSLA's concept is that this would include support for banking (although this would ideally be linked to a national product more suited to those on low incomes), support with budgeting, money management and income maximisation. There could be online links to financial and budgeting support built in as part of the Universal Credit online claim and this might include a direction to locally available support where this was felt necessary by the claimant.
- 3.36 COSLA have provided a list of potential areas where local government could provide help/support in relation to the wrap around service for Welfare Benefits Reform in the future:
- i) Effective face-to-face support, particularly to 'vulnerable' claimants
  - ii) Communication/advice and information/signposting
  - iii) Support to make claims/open accounts
  - iv) Links to other support services
  - v) Promotion/ facilitation of on line access
  - vi) Scanning and indexing of documentation and evidence in support of Universal Credit claims
  - vii) Links to and enquiries from social landlords and private landlords
  - viii) Potential to link to claims for council tax support, and passported benefits (with a 'claim once' approach), Discretionary Housing Payments

- ix) Potential to support access to community care grants / crisis payments / links to housing support / housing options/ paying rent / arrears handling / maintaining tenancies
- x) Access to appropriate social care and health care support
- xi) Income maximisation and debt advice
- xii) Promotion of financial inclusion and financial capability and
- xiii) Effective localised and integrated supports to access employment

#### **4. WAY FORWARD**

- 4.1 Members have been aware for some time of the potential impact of welfare reform on our communities and on our services. As more information and details are released, it is clear that the impact is significant and should not be underestimated. Not only will there be a significant increase in levels of demand for key services, but there is also potential for real confusion. Following the last briefing for Members, Officers have organised an initial information briefing session for community organisations. Over 80 individuals attended the session organised with most hearing about some of the changes to welfare for the first time. A commitment has been given to ensure follow up sessions are organised in the future.
- 4.2 At present, officers are trying to establish what the impact of all changes to benefits will be to all Services and on communities. It is clear the DWP, COSLA and the Scottish Government have clear and pragmatic views on local government's role in relation to implementation.
- 4.3 Within Falkirk Council, a range of departments are already involved in the delivery of the services listed above by COSLA. The next few paragraphs attempt to group the work areas above into current areas of service responsibility.
- 4.4 The Customer First Team are trained to deal with a wide range of enquiries so that an appropriate and consistent response can be given to people using the One –Stop Shop, making telephone enquiries to the Council and using online access to Council services. This service also acts as a support to other services and to individuals by providing help with the completion of welfare benefits application forms. Given the changes to benefits and the potential need to support individuals to complete the new forms, there is the potential that demand for this service will increase.
- 4.5 The Housing Division provides access to housing support and advice, housing options and tenancy maintenance. This division also has strong links with Registered Social Landlords, Private Sector Landlords and voluntary sector support services. The Housing Division has its own welfare benefits and advice team who have responsibility for the assessment of applications for furniture packages, provision of financial capability advice and support, welfare benefit advice and support.
- 4.6 As outlined previously in the report, the Revenues and Benefits Unit administer the Housing and Council Tax Benefit schemes including Discretionary Housing Payments to 16,500 claimants in both the social rented and private sectors. It provides a face-to-face service over the decentralised area office network. Staff process housing benefit applications, assist customers to complete claims, assess entitlement and notify customers of their awards. The Unit is also responsible for the administration of Council house and

lock-up rents for nearly 18,000 tenants including the collection and recovery arrangements for rent arrears and bills, and collects and recovers all income due to the Council including Council Tax from 70,000 households.

- 4.7 Welfare Reform will have significant implications for the Council in terms of workforce and systems. There will be significant financial implications for the Council, both in terms of loss of grant/subsidy and potentially future income recovery. The changes will generate exceptional work pressures on those working across the Council but in Revenues and Benefits particularly.
- 4.8 Obviously, the changes in payment schedule for benefits, the size restriction and the benefits cap will place significant pressures on claimants and thus on the Council in terms of income / rent collection, rent arrears and debt collection. This will impact on the Revenues and Benefits Division who are responsible for rents administration and rent arrears management and the Council's over-arching Corporate Debt strategy.
- 4.9 Social Work Services provide a specialised Welfare Benefit and Debt Advice service. Social Work Services also provide the links to social and health care services for all age groups and have an important role to play in relation to child and adult protection and in working with and identifying vulnerable individuals and families. They also have close working relationships with a range of voluntary sector agencies. Additionally, the leaving care team provide support and advice to young people who have left care. The leaving care team process and pay welfare benefits to young people who have left care. Social Work Services can also provide facilities for emergency or crisis payments for electricity and food.
- 4.10 Development Services, through the Employment and Training Unit provided localised access to employment and training opportunities. There are close links between the Leaving Care team and the Employment and Training Unit in relation to employment and benefits. Young people who are in care at school leaving age receive benefits payments through Social Work and not through the DWP. Social Work and the Employment and Training Unit work together to ensure that young people get the support needed to maximise their income and undertake a programme of training that can lead to full-time sustainable employment.
- 4.11 Education Services, through Community Learning and Development, have a key role in developing and delivering responses to support financial capability and inclusion, including promotion of the Credit Union. Community Learning and Development also have a responsibility for Adult Learning and thus IT skills development. The DWP expect to deliver new benefits by digital by default. This will mean that they will expect most people to do business with them on line – from form filling to queries.
- 4.12 Some Local Authorities are taking part in the pilot projects being run by the DWP to test particular aspects of the process. A pathfinder project in Manchester is focussing on the impact on people (as opposed to testing processes). The early roll out of Universal Credit will see up to 1,500 new Universal Credit claimants coming on stream across four areas – Tameside, Oldham, Wigan and Warrington - each month. It will test the new simpler, single benefit payment system with local authorities, employers and claimants in a live environment before Universal Credit is rolled out across the country in October 2013. This rollout will start with the most straightforward claimants and then test the systems on those that are more vulnerable and require support. The DWP believe that this

approach means that the transition to Universal Credit will be relatively straightforward for the majority of people claiming benefit.

- 4.13 There is an opportunity at present to develop or adapt existing services to provide the wrap-around model that COSLA proposes. In addition to the pathfinder in Manchester, there is a pathfinder in Edinburgh, focussing on work between City of Edinburgh Council and Dunedin Housing Association. It will be important that we learn from this pathfinder on how best to organise our services to meet the needs of citizens.
- 4.14 In order to develop an appropriate response, Services must work together to understand the changes, the impact these have on the various services we provide and to develop a model of service delivery that makes sense to our citizens and supports them through this significant change. At the same time we must again understand that part of the thinking behind welfare reform is to reduce welfare spending and thus some people will receive reductions in their benefits. As a Council we cannot expect to fill this financial gap but we can make sure people are supported appropriately through this change and through changes in their circumstances.
- 4.15 It is proposed that the basic principles for our approach would be:
- There should have one point of contact for the customer;
  - We should use existing models of good practice;
  - Work between Services should be invisible to the customer; and
  - We must ensure that we are taking account of the principles set out within our poverty strategy.
- 4.16 Beyond these key principles, work needs to take place to establish how Falkirk Council will deliver and manage these changes. At the moment a group of officers is meeting to take this forward and will be developing options and models of service delivery for presentation to Members. This work will be informed by guidance still awaited from the DWP and also the findings of the pathfinder authorities. There are a number of work streams that need to be developed to manage these changes. These include:
- Developing models of service delivery and clear plans for delivering those models;
  - Ensuring communication with our customers is clear and that information from the DWP is complemented where necessary with local information;
  - Establishing an organisational development / HR strategy to identify the impact on our staff and how these changes can be managed appropriately including establishing a training and development strategy;
  - Looking specifically at how we will deliver the new Scottish Community Support Fund from April 2013;
  - Making changes necessary within our existing service arrangements to take account of proposed changes to other benefits e.g. Council Tax Benefit;
  - Ensuring we have the additional support in place that people will expect e.g. employment and training, financial inclusion; and
  - Making sure our technical infrastructure can accommodate new models of service delivery.

4.17 Officers are in the first instance, establishing clear project plans, with timescales and responsibilities for action clearly identified. In addition, Officers are considering the following:

- What do we want the customer journey to be like?
- Who are our customers? e.g. everyone living in the Falkirk Council area – only those claiming Universal Credit, only those who are referred to us by the DWP?
- What outcomes are we trying to achieve and will this help us achieve them?
- What are the views of our citizens in relation to this?
- What do we need to do to deliver service – IT, costs, and communications?
- What actions can Services take now to support clients or customers?
- Do we have enough capacity within our existing specialist debt and welfare benefits advice services – both in-house and in the voluntary sector?
- Is there capacity within other services to provide more generalist advice and support to those who might need help and support?
- Do we need to develop or reach out to other agencies in other areas? For example: Scotcash, who provide a range of low cost loan-schemes, Grand Central Bank ( who provide a banking service for people who can not access bank accounts);
- What about other staff who might be impacted by this, i.e. where we provide open access to IT facilities;
- Do we want to provide a ‘wrap-around’ service?
- What partners do we need to involve?
- What actions and steps do we need to take to ensure that we can deliver and develop the services needed around this and to mitigate the impact of this particular change to the benefit system?
- If this in an in-house service - what are the training needs of our existing staff and should we be beginning the process of retraining staff currently employed in administering housing benefit?
- How do we monitor and evaluate service/s?

4.18 As part of the process of identifying how Falkirk Council should deliver this new or revised service/s, a draft project plan, costs and timescale should be included to ensure delivery. It is important that this work is carried out timeously with a view to ensuring services are in place to take account of the timetable for change.

## **5. FAIRER FALKIRK FUNDING**

5.1 It is important that we make sure that the projects we support through our Fairer Falkirk Funding continue to tackle the root causes of poverty by:

- Maximising the number of people in better paid, secure employment;
- Reducing levels of debt across the population and maximise the income of households who rely on benefits; and
- Increasing the financial choices available to our population and increase people’s understanding of the consequences of financial choices.

5.2 We will also aim to mitigate the impacts of poverty in a number of key areas:

- Impacts in relation to housing
  - Impacts in relation to health and wellbeing
  - Impacts on children
  - Impacts on communities and participation
- 5.3 It is clear that the changes to the welfare benefit system will have a significant impact on the Council's ability to reduce debt and maximise income however we can try to support our advice and support services and ensure that those projects we support are fit for purpose and can meet the changing demands and pressures. Additionally, we can continue to support projects that help and support people into training and employment so that they do not have to rely on benefits.
- 5.4 Appendix 2 provides a summary of projects already approved by Members and funded by the Fairer Falkirk Fund which support our poverty strategy and also potentially the changes in the welfare system.
- 5.5 In addition to existing projects, it is proposed to allocate **£435,000** to areas and projects that directly support the objectives of the Council's anti poverty strategy and importantly help us to prepare to mitigate the impact of Welfare Reform changes on the citizens in Falkirk.

### ***Additional Initiatives***

#### **Macmillan Money Matters Project**

- 5.6 We have received an application for funding from Macmillan Cancer Care. This is a partnership project with Macmillan Cancer Care, Falkirk, Stirling and Clackmannan Councils and NHS Forth Valley that seeks to maximise incomes of cancer sufferers and their families through the provision of information, advice and assistance in maximising entitlements to social welfare benefits. In the last financial year, most of the available project resources have operated within the Falkirk area and the project has generated £1,800,000 in additional benefits and allowances to these people. Macmillan Cancer Support has provided the funding to date but is now looking for a contribution from its partners to secure the ongoing delivery of the project. Given the success of the project and the detrimental effect on vulnerable citizens if this were not able to continue, and the financial contribution committed by the other partners, we would like to offer the project funding of **£50,000**. This will be reported to Members annually.

#### **Positive Transitions Project**

- 5.7 We provided Falkirk Council Education Services with funding of £150,000 in 2011/12 to fund this project which is aimed at supporting the most vulnerable young people to achieve positive transitions post 16. Schools used this to fund various programmes and activities which resulted in an initial estimate that 96.1% of participants will make a positive transition to Employment, Education or Training. The funding was intended for one year only but based on the success of the programme, we are being asked to continue the funding for 2012/13 to give schools the capacity to provide a similar range and level of support. We would therefore like to allocate funding of **£150,000** to continue this initiative.

## **Welfare Reform Changes - Financial Inclusion, Capability and Direct Support**

- 5.8 The forthcoming changes to welfare benefits are likely to have a major impact on local communities. We have established working groups to plan for the implementation of Welfare Reform including the introduction of Universal Credit in 2013/14 but there will be considerable work needed in advance. We will need to identify and help prepare vulnerable people for the changes and give individual support to help people access benefits and improve money management skills including household budgeting and managing rent payments and helping give people access to the right financial products. In order to ensure we can support people appropriately, we propose allocating **£100,000** for financial inclusion initiatives covering publications, financial products and potentially support for alternatives to traditional banking models and **£100,000** for financial capability initiatives focusing on money, debt and benefits advice.
- 5.9 In addition it is expected that as consequence of changes to Housing Benefit demand for Discretionary Housing Payments will increase. To respond to this anticipated demand the DWP have increased its allocation to Discretionary Housing Payments. We want to ensure that additional resources are in place in order that the Council has the capacity to meet the increased demand for Discretionary Housing Payment. It is proposed that **£35,000** is allocated from the Fairer Falkirk Fund to help mitigate some of the impacts of Welfare Reform. As this will be direct support to customers, it is important that Members approve the criteria for the administration and awarding of these payments to ensure that this helps support the outcomes of Towards a Fairer Falkirk. The scheme for the administration and allocation of Discretionary Housing Benefit comes to Members for approval in December; along with further details of how the £200,000 detailed at 5.8 above will be spent.
- 5.10 A detailed report will therefore be presented to Members on the use of this funding; potential models for service delivery; the reviewed Discretionary Housing Benefits payments; and also further updates on overall changes to benefits.

## **6. RECOMMENDATIONS**

**It is recommended that:**

- 6.1 **A report is presented to Members in December that sets out proposals for the models of delivery and gives specific proposals for:**
- **The Scottish Community Support Fund from April 2013 (formerly Social Fund); and**
  - **The face-to-face service for Universal Credit from October 2013.**
- 6.2 **Further briefings are organised for Members on Welfare Reform.**

- 6.3 Members approve the allocation of funding as noted in paragraphs 5.6 – 5.10 and that the detailed use of this funding is presented to Members in December along with a detailed proposal for arrangements for Discretionary Housing Payments.**

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**CHIEF EXECUTIVE**

Date: 12 September 2012

Ref: ABK0912LG

Contact Name: Fiona Campbell Ext: 6004

**LIST OF BACKGROUND PAPERS**

1. Report to Falkirk Council, Towards a Fairer Falkirk, January 2011
2. Report to Falkirk Council, Implementing Towards a Fairer Falkirk, Update Report January 2012

Any person wishing to inspect the background papers listed above should telephone Falkirk 01324 506004 and ask for Fiona Campbell.