

FALKIRK COUNCIL

Subject: WELFARE REFORM - UPDATE
Meeting: FALKIRK COUNCIL
Date: 6 March 2013
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1. INTRODUCTION AND BACKGROUND

1.1 Members will be aware that the Council approved the Council's Poverty Strategy 'Towards a Fairer Falkirk' in March 2011.

1.2 The Strategy noted that as a Council we see being fair as meaning that:

- Some services being targeted to ensure that the most disadvantaged in our communities have the same opportunity to reach their full potential;
- Our employees understand the barriers that poverty imposes on individuals and on communities and will work to identify and reduce discrimination and disadvantage;
- We understand the impact of our decisions on budgets, policies, and activities to improve the lives of our most vulnerable and specifically those in poverty; and
- Communities and individuals are enabled to participate as equals in society.

1.3 To achieve this we will tackle the root causes of poverty by aiming to:

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

1.4 The Welfare Reform agenda presents a significant challenge to the Council and our Community Planning partners of achieving the aims of the poverty strategy. Evidence suggests that working age people both in and out of work are increasingly at risk of poverty as a consequence of the changes. In Scotland 70% of all people have incomes below £24 000 and only 13% of Scots have incomes greater than £34 000. Because of the recession and the fact that wages have been frozen over the past few years, and the cost of living is going up most people in our communities will not feel financially comfortable, even when they are in work. As stated in the poverty strategy we define poverty as 60% below median income, which in 2009/10 is around £250 per week after housing costs (about £13,000 per year). Local government is limited in what it can do to reduce poverty as we do not control the benefits or the taxation system. We can only try to mitigate the impact of these external changes and essentially the people with the least amount of money and resources will be worse off than they already are.

- 1.5 It is important to understand that that increasing household income is not only about supporting individuals and families, but that these activities also benefit the wider economy. If household income increases it can have a positive economic effect as people on low or middle incomes are more likely to spend their money in their local communities. It was therefore verified within the poverty strategy that it is essential that we consider how income maximisation and debt prevention can be integral to all that we do and establish what services we can put in place to support individuals and families.
- 1.6 Following the last report to Council on Welfare Reform, officers have been working to progress the Council's response to the challenge that all the changes to benefits will have on communities. Specifically, Members asked that a further report be prepared outlining our proposals to progress:
- The Scottish Welfare Fund to be implemented on 1 April 2013; and
 - The face to face services for Universal Credit to be implemented from October 2013 onwards.
- 1.7 In line with the principles agreed by Council, Services have been seeking to develop a response which ensures the following:
- There should be 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 and priorities of the Council's poverty strategy
- 1.8 This report will also give information on welfare reform and highlight some of the consequences as requested by Members. It will also provide information on how welfare reform is impacting on the nature of poverty. It will conclude by setting out the proposals for how the Council through the Fairer Falkirk Fund will support vulnerable people maximise their incomes and prevent unnecessary debt.

2. WELFARE REFORM

Housing Benefit Changes

- 2.1 Nationally Housing Benefit will start to be replaced under Universal Credit from April 2014 for people of working age. From that date, people who would have claimed a legacy benefit will claim UC. The existing HB caseload will transfer over to UC on a life event and then the remaining caseload will migrate on a geographical basis to UC from April 2016 to end October 2017, with the smallest LAs transferring first. There has been a recent change in the DWP approach to the implementation of UC and they are now adopting a phased incremental approach to migration. The existing c 9,000 working-age people in Falkirk who claim Housing Benefit will migrate to Universal Credit by the end of 2017. There has been a significant delay in the Migration Timetable being released to LAs and it is now not due until Autumn 2013. Support for housing costs for the c7,372 pension age claimants is still expected to transfer over to Pension Credit Plus from October 2014. From that date, people of pension age who would have claimed HB, will claim PC+ instead. The existing caseload will transfer over on a life event with the

geographical migration of the residual caseload being aligned with that of UC so that by the end of 2017 the migration of the existing HB caseload will be complete. 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.

- 2.2 The Housing Benefit administration grant currently allocated by the DWP to the Council of approximately £665,000 in 2013/14, covers the costs of administering the existing scheme. This is expected to start to be reduced from 2014/15 and will be phased out by the time that the migration is complete.
- 2.3 For the 607 tenants who are in receipt of Housing Benefit and have adult children or other dependents living at home, the dependents are expected to contribute a specified amount towards the rent. This specified amount is deducted from the eligible rent used to calculate Housing Benefit. The specified amount that adult children or non-dependents are expected to pay is increasing from £11.45 per week to £13.60 per week and the higher rate is increasing from £73.85 to £87.75 per week. This means that the tenant will receive less overall benefit and be expected to pay more towards their rent. Although there is an expectation the non-dependent will pay this, it will still mean an overall reduction in the families' family income, meaning less money going into the local economy. Obviously issues will arise when short-falls have to be made up and the non-dependent does not pay the additional rent.
- 2.4 People who have been affected by the changes to Local Housing Allowance have now lost their transitional protection. A targeted DHP exercise has helped to mitigate the short-term impact of these changes on those affected. From April 2013 changes are also being made to the way in which Local Housing Allowance rates are calculated. 541 people living in 1 bedroom properties in the Council area are affected, each losing £2.31, which is a projected annual total loss of £65,000. This means that private sector tenants will have to pay to make up any rent short-falls and could result in increases in homeless applications and DHP claims.

Social Rented Sector Size Criteria

- 2.5 Housing Benefit is a vital income stream for 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. 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.

- 2.6 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. Tenants being offered a tenancy that exceeds their household needs according to the benefit size criteria are already being made aware of the impact this will have on their Housing Benefit award and ultimately Universal Credit when the offer is made. This will ensure that the tenant still has the element of choice in relation to the size of the property they choose to live in and at the same time minimise potential financial hardship and prevent the possibility of rent arrears arising. Applicants will also be made aware of the availability of alternative means of funding any shortfall they may face e.g. DHP and be provided with budgeting advice if required. Tenants in receipt of Housing Benefit with one spare bedroom will have the eligible rent used to calculate their benefit award by 14% (approx £9.01 per week) and if they have 2 spare bedrooms then this will reduce by 25% (approximately £16.09 per week).
- 2.7 An analysis of the existing Housing Benefit caseload for council tenants has established that 2,710 tenants will be affected by this change. Of these people 82% currently receive full Housing Benefit. As the 2013 annual up-rating of Social Security Benefits restricted the increase to 1% for most working age claimants, those affected have had no increase in their income to meet the shortfalls they now face making collection of the additional £1.2m challenging. There is a risk that the loss of rental income may compromise the Council's ability to invest in both new housing and in necessary repairs and improvements to current stock.
- 2.8 It is increasingly becoming apparent that there is a need for resources to support people manage their income and budgets and thus ensure we are in a position both to provide support to our tenants and to maximise rental income for the LA. Registered Social landlords in the Council area will also be looking to collect an additional £198,462.16 in rent from 348 tenants. Revenues and Benefits have been engaging with all tenants in the social rented sector affected by this change since October 2012. Housing staff, assisted by Revenues and Benefits staff where tenants are already in arrears with rent, have been carrying out follow up visits to help tenants to understand their future rental obligations, set-up suitable methods of payment and identify those that will need additional support.
- 2.9 To help mitigate the impact, DWP has provided an additional £30m Discretionary Housing Payment funding in 2013/14, and will provide the same amount in 2014/2015. This has resulted in an increase in our DWP government contribution for 2013/14 part of which will provide some 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. We have identified that potentially 38 households may have had their property significantly adapted. The guidance gives discretion to LAs to determine the definition locally. Appendix 2 para 5.2 sets out a proposed definition of significant adaptation which Members are asked to approve.
- 2.10 The second group are foster carers. Only 2 local foster carers have been identified as being affected. Other tenants who are in need of further financial assistance will be able to apply for short-term support from Discretionary Housing Payment budget, should they be affected by this change. However, this will only be awarded if the claimants can demonstrate that they have exceptional circumstances that we need to consider given the limited budget available to us. It must be stressed that the amount of funding available

through DHP is limited and potentially will not meet the needs of everyone affected by changes in benefits.

- 2.11 It is anticipated that there may be an increase in homelessness presentations and potentially significant financial implications for the Council in addressing homelessness as a result of these changes, in addition to a real pressure on smaller properties. The issue is that Council owned temporary accommodation is not regarded as 'Supported (exempt) accommodation and therefore some tenants will be affected by the under occupancy rules. Currently, 73% of those presenting as homeless are single or couples with no children and will therefore only be entitled to rent on a one bedroom property. It is therefore likely that there will be an increase in the length of stays in temporary accommodation, due to the shortage of one bedroom properties, along with the increase demand for homeless services as a result of welfare reform.

Benefits Cap

- 2.12 National roll-out of the cap has been delayed until September 2013, a cap will be placed on the total amount 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. The DWP has asked that this cap is initially applied to Housing Benefit and not other benefit income.
- 2.13 While it was expected very few household are affected by this change, the DWP has confirmed that 25 in the Council area will potentially be affected by the cap from September 2013. This will result in a potential total annual HB loss of £43K for council tenants and £31K for RSLs. There are a number of grounds which result in exemptions from this change and joint work is underway between Revenues and Benefits and the Community Advice Team to ensure customers who may qualify for an exemption are assisted to apply for the benefit that offers them exemption.
- 2.14 To help mitigate the impact, DWP has provided an additional £65m Discretionary Housing Payment funding in 2013/14 and our budget has been increased to reflect this. Those who remain affected at the go-live date will be invited to submit DHP applications to see if they require further financial assistance. However, this is only a short-term solution.

Council Tax

- 2.15 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. This administration is carried out by the Revenues and Benefits Division.
- 2.16 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 the Scottish Government. 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 with a reduced allocation. The reduced allocation was

distributed to local authorities as part of the Local Government Settlement for 2013.. 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 effect from April 2014. In whatever guise, the permanent scheme takes shape, CTR will be a reduction in Council Tax liability similar to other discounts, exemptions and reliefs. As such it is and will continue to be an integrated element of the Council Tax billing, collection and recovery arrangements. However, until Scottish Government confirm if the permanent scheme will be means-tested and the ongoing funding arrangements that will be made available to local authorities to deliver this, it is difficult to ascertain the impact on existing staff resources and what the cost of delivering the permanent scheme will be.

Personal Independence Payment

- 2.17 Personal Independence Payment is replacing 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. This will apply to new claimants nationally from June 2013. 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.
- 2.18 Existing claimants will be moved from DLA to PIP from October 2013 until March 2016. DLA is a qualifying benefit for our non residential charging policy, Garden Aid, etc, which as reported to the last Housing and Social Care Committee has been amended to reflect this change. It is also a qualifying condition for a number of Council Tax exemptions/discounts and a premium for Housing and Council Tax Reduction, 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 their household income and well-being.
- 2.19 The UK Government is looking to save 20% of its DLA budget, estimated at £260 million across Scotland, with 55 000 people losing entitlement to disability benefits. Potentially there is a loss of income to Councils through charging for non-residential services. There are currently 10,630 people claiming disability living allowance in Falkirk. There will be an increase in the number of people that need support to appeal against applications for PIP. There will be a significant number of changed circumstances in Housing and Council Tax Reduction claims.

Child Benefit

- 2.20 From January 2013 this benefit has been withdrawn from families, with a high rate taxpayer, where one individual earns more than £50,000 per annum. This means that a lone parent family on £50,000 will lose benefit, but a two income family earning £99,000 will still receive benefit, provided that one earner does not exceed the threshold. The more fundamental change is that the principle of universal benefits for children has ended.

Tax Credits

- 2.21 There are a number of changes in the way in which tax credits are being calculated, i.e. the level of benefits that people in work can receive is reduced. It is difficult to know how this will impact on families and individuals as this information is held by HMRC and because of the close inter-relationship between Tax Credits and other benefits, particularly Housing Benefit. What we do know is that nationally (at a UK wide level) in work poverty is increasing particularly people without children. From April 2014 onwards, there will be no new claims allowed for tax credits, as this will be rolled into Universal Credit. Tax Credit claims are the first of the legacy benefits that DWP plan to move to Universal Credit. The migration is scheduled to take place from October 2014.

Working Age Benefits: other notable changes

- 2.22 Since January 2013 people in receipt of working age benefits who are unemployed are asked by the DWP to contract with them, binding them to:
- Be available for work
 - Be actively seeking work
 - Have a current jobseekers agreement; and
 - Comply with any reasonable conditions that their advisor asks for.
- 2.23 If people do not comply with these conditions they can lose their benefit. Members will be aware that the nature of this contract has recently been challenged in the courts with the compulsion of these conditions under question. The sanctions are listed below for people claiming job seekers allowance, as different sanctions apply for different benefits.
- 2.24 People can lose benefit for 13 weeks, 26 weeks or 156 weeks (3 years) if they:
- Leave a job voluntarily or lose a job due to personal misconduct;
 - Fail to take part in mandatory work activity programme;
 - Fail to take on a suitable employment opportunity; and
 - Refuse or fail to apply for a job which an adviser has notified to you.
- 2.25 People can lose benefit for **four or 13 weeks** if they:
- Fail to attend an adviser interview;
 - Fail to take part in a particular employment programme;
 - Do not take the opportunity of a place on an employment programme or training scheme;
 - Refuse or fail to apply for or accept a place on such a programme or scheme notified to you by an adviser;
 - Fail to attend or give up a place or through your own misconduct on such a programme or a scheme; and
 - Fail to comply with a jobseekers direction.
- 2.26 The length of time people can lose benefit for can depend on how many times they have failed to meet these responsibilities or requirements in the previous 52 weeks. Benefit can be stopped completely if people:

- Do not actively seek work (proof is required); or
- Are not available for work (proof is required).

2.27 If people lose benefit, through conditionality, they do not automatically qualify for hardship payments. People will have to show that they are suffering financial hardship. As stated earlier there are different rules for different work-related benefits. If people are on Employment and Support Allowance and in the work related activity group, they must attend and take part in work focussed interviews if they are asked to do so to qualify for benefit. People also have to carry out any work related activity that adviser's thinks will help people to return to work in the future. This can mean unpaid work or training. From January 2013, ESA will be restricted to 12 months for people in the work related activity group.

2.28 In the Falkirk Council area we have one of the highest percentages of people who were previously claiming Invalidity Benefit and who are being deemed fit to work and who will now be claiming ESA. DWP figures show that 355 claimants in the Falkirk Council area have now being assessed as being capable of work. This means that these individuals have to meet the work-related requirements previously described. If people do not meet these requirements they will lose benefit.

2.29 When people move to or receive Universal Credit we understand they will be required to sign a claimant commitment that sets out their responsibilities with regards to work. Four conditionality groups will be established and applied as follows:

- No work related requirements – people in this group will not be expected to work or prepare for work;
- Work focused interviews – this will include carers of children aged between 1 and 4 years;
- Work preparation – claimants will be assessed as at a work capability assessment as having limited capability for work; and
- All work related requirements – this will apply to most people.

2.30 People in the all work related requirements i.e. the last condition will be expected to:

- Be available for work of any hours (up to 35 hours per week), type and within 90 minutes travel of home;
- Take all reasonable action to look for work (usually 35 hours of searching);
- Be willing and able to immediately take up work;
- Be willing and able to immediately attend an interview; and
- Look for work or better paid work if the claimant falls below an administrative conditionality cut off point. The threshold will be lower for disabled people or people with caring responsibilities.

2.31 The sanctions for not complying with this agreement are set out below:

Sanction	Applicable to	Duration of benefits freeze		
		1 st failure	2 nd failure	3 rd failure
High level (imposed for failure not to take up paid work)	People subject to work related requirements	91 days	182 days	1095 days
Medium level (failure to take up paid work or more work)	People subject to work related requirements	28 days	91 days	91 days
Low level (for not meeting requirements to prepare for work – i.e work experience)	People subject to work related requirements People subject to work preparation and work focused interview requirements	Open ended until re-engagement plus 7 days	Open ended until re-engagement plus 14 days	Open ended until re-engagement plus 28 days
Lowest level Not taking part in a work focused interview)	People subject to work preparation and work focused interview requirements Open ended until re-engagement (with low sanction amounts)			

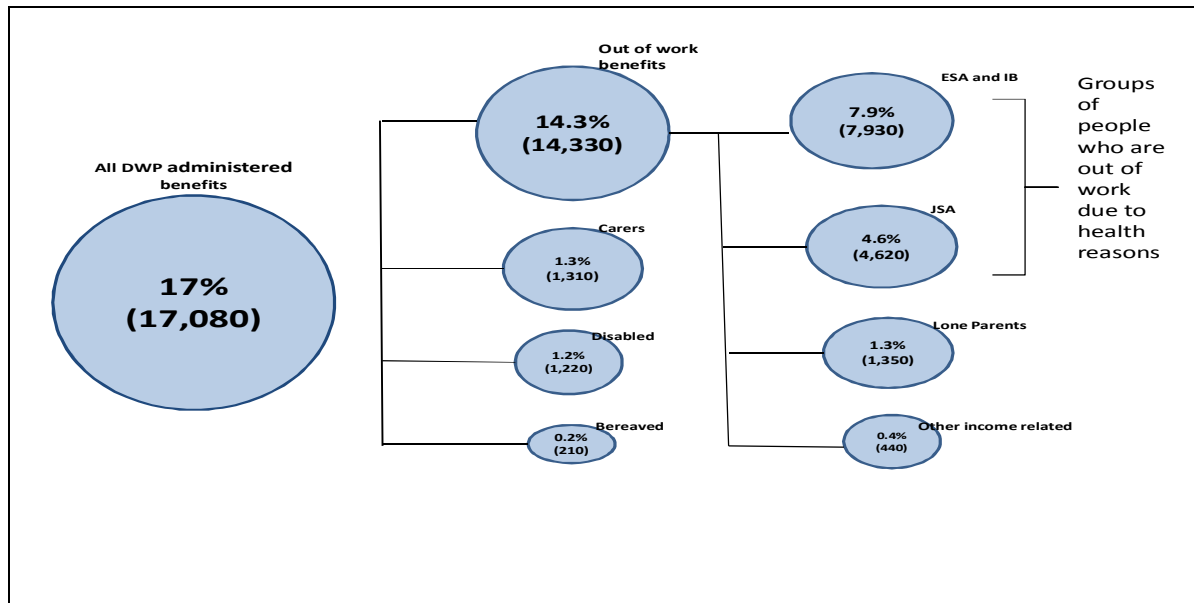
2.32 There will be repayable hardship payments, which will be equal to 60% of the amount being sanctioned, for those who are unable to meet their immediate basic needs, e.g. like accommodation, heating and food. However people will be expected to comply with the conditions before they can receive hardship payments.

2.33 As Members will be aware Universal Credit replaces a complex system of working-age benefits and credits, with Universal Credit setting a single set of rules. This means that sanctions will affect the potentially single income a household will receive. The DWP is leading on the delivery of Universal Credit and is utilising 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 this 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. Local JCP offices will continue to deliver a face to face service for vulnerable claimants who need this. There will be a

DWP processing centre in Glasgow and DWP telephone contact centres in Dundee and Paisley.

- 2.34 The DWP believe that the new service will be relatively straightforward for the vast majority of changes. The DWP is 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 i.e. the most vulnerable people.
- 2.35 The other changes that are likely to impact on individuals significantly is the shift to a single monthly payment, including housing costs, made to the family household rather than the individual. This will mean a change in money management for those on benefits. The housing element of benefits will also be paid directly to the claimant and not to the landlords and thus they will have to make arrangements for paying rent etc. This is expected to have a significant impact on the collection of rental income for both LAs with housing stock and RSLs. Housing Benefit Direct Payment Pathfinder Demonstration Projects are currently underway and the results are expected to be published in the summer. Early indications suggest that rent arrears will significantly increase with resultant pressures on Housing Revenue Accounts.
- 2.36 Monthly payments are intended to prepare claimants for transition to work, as there is a view that most people in work receive wages on a monthly basis. For note, the Council currently pays around 600 staff on a regular weekly basis although the majority of these staff members are ETU trainees. The mid-February payroll run had 784 weekly payments and of this 410 were ETU trainees.
- 2.37 The timescales for the introduction of Universal Credit are outlined in para 2.1. It will be introduced nationally from April 2014 on a phased basis and the legacy benefit caseload will transfer over to the new scheme by end 2017. There are a number of Pilots taking place across the UK testing out different aspects of how Universal Credit might work in practice. The DWP will factor the findings from these Pilots into the final operational and implementation plans.
- 2.38 The UK Government has agreed to limit the updating of out-of-work benefits to 1%, regardless of inflation, for three years from April 2013. 'Scottish Local Government against Poverty' research shows that this will result in a further loss of income local people of £976,486. This is on top of the already anticipated losses to the local economy of between £14,909 503 and £17,783 679 as a consequence of Housing Benefit and disability changes.
- 2.39 As many as **one in three eligible** people are not claiming the work-related benefits that they are entitled to. It is critical that people maximise the income they are entitled to. This should be a key element of the Council's approach to supporting people. Appendix 1 of this report provides a summary of the number of working age people on different types of working age benefit in the Falkirk Council area. The table below provides a summary of the different groups and types of benefits that people living in the Falkirk Council area were claiming in 2012 and the number of people who are likely to be affected by any changes.

Estimated Number of People in the Falkirk Council area likely affected by Welfare Reform.



What is the impact of this?

2.40 Research by the Joseph Rowntree Foundation shows the following trends in relation to poverty in Scotland and in the UK and these trends are likely to increase given the impact of approximately £15million coming out of the local economy with further reductions announced:

- Since 2008, unemployment amongst the under 25's has doubled in Scotland.
- The number of people in Scotland, who are working part-time but who want a full-time job has risen from 70,000 in 2008 to 120,000 in 2012.
- There has been a rise in the number of people with no dependent children working and on a low income.
- Across Scotland there has been a shift from people who are claiming Incapacity Benefit or Employment Support Allowance to Job Seekers Allowance, which in most cases will result in a reduction in the amount of benefit they can claim and also a reduction in the period of time for which they can claim contribution based ESA. There has been no impact assessment undertaken by the DWP on the expected impact of the move from IB or ESA to JSA.

2.41 It can be expected that if these is the national impact that the situation in Falkirk is likely to be similar. In the Falkirk Council area, the most up to date figures show that 7.6% of 16-24 years olds are on Job Seekers Allowance.

2.42 It has been estimated that around 65,000 people in Scotland will leave the benefits system entirely due to a combination of time-limited benefits and increased work capability assessments. Some might find work but for those who do not they will have a reduced household income and deeper poverty. Falkirk, historically, has had a higher than average number of people on disability benefits than on other work-related benefits so it is to be expected that the number of people coming off disability benefits in this area will be proportionately high.

- 2.43 The freezing of benefits has had different implications for different groups. Children and pensioners have been protected at the cost of cutting benefits to working age adults. For example, the living costs for two pensioners should be similar to that of two working age adults, yet the amount that two pensioners receive in benefit is almost double that of working age adults. Before 1998 the value of benefits for two children was about one third less than for two working age adults, it is now about one third more. This means that poverty is increasing most quickly for working adults without children and falling for working people with children and also pensioners. However it is expected that with the introduction of the social rented house size criteria, the benefits cap and the introduction of Universal Credit that poverty will increase for children living in families of more than 2 children (because of how the benefit will be calculated i.e only the first two children will be included in benefits calculations).

3. MITIGATING THE IMPACT OF WELFARE REFORM

- 3.1 In developing an appropriate response to welfare reform, services have been working together to understand the changes, the impact these have on the people and thus the various services we provide and seeking to ensure a model of service delivery that makes sense to our citizens and supports them through this significant change. At the same time we must understand that in order to reduce welfare spending 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 these changes and the impacts this will have on their circumstances. We must ensure that services do what they can to maximise household income, support people to manage what they get and to prevent citizens from getting into unnecessary debt, whilst maintaining vital income streams for the LA.
- 3.2 Members agreed that a number of work streams should be developed to manage these changes. These include:
- Developing models of service delivery and clear plans for delivering those models;
 - Ensure we are communicating with our communities about the changes and ensure that DWP information 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 Welfare Fund (previously the 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. Housing Benefit, Council Tax Benefit and rent/CTax income collection;
 - 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.
- 3.3 This section will report on the work of the different workstreams beginning with the implementation of the Scottish Welfare Fund.

Scottish Welfare Fund

- 3.4 The most imminent change is the implementation of the Scottish Welfare Fund from 1 April 2013. As a result, much of our attention and focus has been given to ensure that Falkirk Council has an operational service on April 1st 2013. Members will be aware that for the first time local authorities in Scotland will administer these critical payments.
- 3.5 The current Social Fund comprises a diverse set of payments, grants and loans with differing eligibility criteria. Some elements of the Social Fund will remain within overall benefits payments but the Community Care Grants and Crisis Loans elements have been devolved to the Scottish Government to deliver. It has been agreed between the Scottish Government and CoSLA that this new fund – ‘the Scottish Welfare Fund’ will be delivered locally within a national framework by Local Authorities from 1 April 2013 onwards. The Scottish Welfare Fund is intended to offer grants or in kind support for two purposes:
- Provide a safety net in a disaster or emergency, when there is an immediate threat to health or safety – Crisis Grants; and
 - Enable independent living or continued independent living, preventing the need for institutional care – Community Care Grants.
- 3.6 The grants should be available to people who do not have alternative means of paying for what they need. They do not need to be paid back. Grants are intended to meet one-off needs rather than continuing expenses.

Crisis Grants

- 3.7 A grant can be awarded in case of crisis to meet expenses that have arisen as a result of an emergency or disaster, in order to avoid serious damage or serious risk to the health or safety of the applicant or their family. Grants can only be awarded under certain circumstances and on a limited number of times. Awards may be in cash or in kind and can cover such things as:
- Food
 - essential heating costs
 - nappies, toiletries
 - travel costs
 - costs for accommodation in a hostel.

Community Care Grants

- 3.7 A grant can be awarded in support of independent living to:
- Help people establish themselves in the community following a period of care where circumstances indicate that there is an identifiable risk of the person not being able to live independently without this help;
 - Help people remain in the community rather than going into care where circumstances indicate that there is an identifiable risk of the person not being able to live independently without this help;

- Help people set up home in the community, as part of a planned resettlement programme, following an unsettled way of life;
- Help families facing exceptional pressures and who lack the resources to meet irregular costs to provide a safe and secure environment for their children; and
- Help people to care for a prisoner or young offender on release on temporary licence.

- 3.8 Guidance notes have been produced by the Scottish Government regarding the Welfare Fund. There is a clear expectation that a face to face service will be provided for vulnerable people but that Council's are expected to provide different types of access; including on-line and telephone where necessary. Training is also being provided by the Government on how to process applications, how to make decisions on applications etc.
- 3.9 In order to assess the level of service that will require to be provided, the figures below show the number of applicants for the parts of the current Social Fund that will be included within the Scottish Welfare Fund in the Falkirk Council area for April 2011 – March 2012:

	<u>Applications</u>	<u>No. of Awards</u>
Crisis Loans Items	280	170
Crisis Loan living expenses	4850	3770
Community Care grant	2150	920

- 3.10 The Scottish Government is assuming that there would be a 20% increase in the number of applications as a grant is being awarded as opposed to a loan. The Government therefore estimate that we will receive approximately 9504 applications per year. This is an estimate but gives a guide to determine the level of service we need to deliver.

- 3.11 The amount of funding allocated nationally to the Scottish Government comprises:

- Administration Costs £5M (these are ongoing costs- for staffing etc)
- Set Up Costs £2M (this is a one of payment for the first year)
- Programme Costs £30.7M (this is for successful applicants)

- 3.12 Falkirk Council's allocation is as follows

Administration Costs – Annually recurring staffing costs	£137,390
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One off Set Up Costs Comprising:	£58,674
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- Training
- IT
- Accommodation
- HR (recruitment)
- Communications

Grant Funding:

Community Care Grants	£634,342
Crisis Grants	£293,480
Total	£1,123,886

- 3.13 Councils are expected to take over the delivery of the Scottish Welfare Fund on 1 April 2013. At present Council staff support clients or customers to complete applications for Community Care grants. The staff that provide this service are principally based in Homelessness, Customer First and in the Leaving Care Team. Additionally a number of third sector agencies also provide this type of support and help, e.g., CABx, Housing Associations etc. The DWP also provide a limited face to face service.
- 3.14 The DWP believe that the provision of a face to face service will help identify the support and help that vulnerable people actually need. Although the principle means of application will be on line, we will also provide access by telephone and a face to face service.
- 3.15 A number of options for the delivery of this service have been considered. Given the need to have a working team up and running for the 1 April, services are working to develop a centralised team which processes the claims to Scottish Welfare Fund but with an integrated face to face service. This work is being led by Corporate and Neighbourhood Services. Additional resources are being put in place (from the Fairer Falkirk Fund) to ensure the delivery of the face to face service as well as a dedicated application processing team funded from the Scottish Welfare Fund.
- 3.16 People will access the applications principally on line, with face to face or telephone support available. In addition one stop shop advisers and our customer first team will be trained to provide people with basic advice and information regarding this service. However if people need help and support to complete the application via face to face service the new team can provide this. This new team will try to look beyond an application to the welfare fund to addressing additional support people might need and forms the basis of the work being undertaken to address the impact of welfare reform on our communities. Over time we anticipate that the face to face service will provide income maximisation and budgeting support for those who need it.

Service Delivery and Support

- 3.17 It is important that we provide services to people seeking information and support with regards to making applications for benefits and managing their money and tenancies and accessing specialist services. We need to make sure that these services are easily accessible to our customers and that resources are targeted to those most in need including those people most greatly affected by the changes to Welfare Reform.

- 3.18 This work is being informed to an extent by the Review of Advice Services which was commissioned some months ago and provides a useful overview on the current provision of advice services. An interim report has been sent to relevant services for information and consideration. This work was commissioned as part of the Poverty Strategy and while much of the impetus for change now lies with the welfare reform agenda, the interim conclusions provide a useful foundation for developing our advice services including driving forwards our desired approach to financial capability and inclusion as an integral part of welfare benefit and debt advice.
- 3.19 DWP Demonstration Projects are currently running at a number of locations across the UK looking at the design of a face-to-face service for vulnerable claimants for Universal Credit when it is introduced. The outcomes which are due to be published in summer will influence what DWP will commission LAs and the third sector to provide in relation to support for Universal Credit. Scottish Government proposes to enter into negotiations with DWP on behalf of all LAs to introduce a nation-wide system of support for Universal Credit across Scotland to ensure consistency across the country. We expect LAs to be able to enhance this service to meet local needs.

'Universal Credit Local Support Services Framework' – DWP Guidance

- 3.20 The DWP has just published 'Universal Credit Local Support Services Framework'. This framework sets out the principles that the DWP think are important in order to provide support to people who might find it difficult to cope either managing money or applying on line for benefits. This framework highlights that the Direct Payment Demonstration Projects show that to date most people will be able to cope with the new features in the Universal Credit system.
- 3.21 However, these projects have identified that some people will need help with
- Triage and explaining new services particularly as Universal Credit is being introduced in stages (existing benefits will continue to exist along side universal credit)
 - Assistance with making claims on-line and managing claims on-line
 - Advice to help people manage their money under the monthly payment arrangements and ensuring that rents and cash-flow is well-managed.
- 3.22 The DWP are keen to form close links with Community Planning Partnerships. They see the partnership approach being a key part of the process of moving people from 'dependency' to 'self sufficiency'. The framework proposes that local partnerships will identify the local support services needed to help people who are finding it difficult to manage. The framework notes that local government and the DWP have the shared objective to ensure that people can independently use access Universal Credit and the services underpinning this so that in time there will be a reduced need for support services and a reduction in the number of people claiming benefit.

3.23 The framework establishes that in making a claim for Universal Credit an individual will need to

- Learn about UC
- Create a UC account
- Provide details for the claim
- See likely payment amount
- Submit claim
- Prepare for an interview
- Attend and initial interview
- Prove id
- Sign a claimant commitment
- Receive award notification and payment

3.24 In maintaining a claim for UC an individual will need to:

- Budget money and pay rent;
- Demonstrate actively seeking work(where appropriate);
- Take up work ;
- Seek to increase their earnings through work; and
- Update their details.

3.25 The framework sets out the help and support that an individual might need at each of the stages set out above in this process. It also lists in great detail the type of support services and activities that the partnership to provide an integrated service to people who are claiming Universal Credit. The DWP believe that partners are best placed to:

- Help claimants access and use the online gateway
- Use their experience to help claimants with money advice
- Offer flexibility – as the need for support will evolve over time
- Tap into the existing support services
- Help local employment initiatives and DWP labour market support mesh together
- Enable joined up holistic services with the claimant at the centre of delivery especially for those with the most complex needs.

3.26 The DWP anticipate that local authorities will be expected to continue to provide welfare support and advice, housing advice and solutions from existing funding arrangements. The document suggests that some additional funding will awarded by the DWP to partners including local authorities and this will be based on the delivery of results. Potentially more money may be provided for those with the most complex needs so that more support will be targeted at those who require the most help in their journey to independently manage their UC claims and finances. One important measure of success will be that overall need for funding will reduce as more households are independently able to manage finances. More work is going to be carried out to define the expected outcomes for each of the local support services and to consider how these will be measured, determine the level of payments for each outcome.

- 3.27 It will be helpful to see this as it is not immediately obvious in the framework document what services the DWP will pay for. Although the framework does distinguish between existing services and potentially new services – the new services are described as:
- Triage and re-orientation (i.e. how we determine what help people need and ensure the receive this help and support)
 - Online assistance (digital inclusion - helping people access and use computers so that they can create and manage a UC account)
 - Money advice (financial capability or budgeting)
 - Work related support
- 3.28 It is not clear the level of resources that maybe available from the DWP but it is anticipated it will not cover the level of service and support people will need in as the changes to benefits are implemented. If the Council is to be in a place to manage the potential demands on our services and in particular our housing, finance and social care services then we must ensure our existing resources and services are appropriately placed.
- 3.29 In order to understand and manage this significant process of change, it is proposed that a Project or Change Manager is recruited on a temporary basis. This person will seek to examine the services that the Council and our partners currently provide, the future pressure we may be required to address and recommend any changes we may need to make to those services. In addition we must ensure that we have an increased focus on income maximisation and debt prevention. It is proposed that the cost of this post come from the Fairer Falkirk Fund.

Communications Strategy

- 3.30 A communications strategy for Welfare Reform in its widest sense has been developed. The immediate priority is communicating the most immediate welfare reform changes that will affect our tenants and citizens including the introduction of the bedroom tax, the benefit cap and the Scottish Welfare Fund in April 2013. However, we need to be sure that information we send out tells people what relevant support they can receive as well as the changes that will impact on them. It is also important that information is communicated in a way that people understand.
- 3.31 We must raise awareness amongst a wider community of Members, employers and residents. The communication strategy highlights:
- Target audiences;
 - Key messages;
 - Distribution methods; and
 - Low, medium and high profile messages.
- 3.32 At a Scottish level there is some consideration as to how Councils can work together to put out a consistent message across Scotland, but with the flexibility to include messages about local service provision. At a local level, work is underway to update the Council's website to provide public information about the changes and a specific area of the internet is being developed to provide Council staff with detailed information about the changes and also the progress of the working groups in responding to these changes.

- 3.33 We must ensure that all our communications are co-ordinated and that every engagement with our residents is meaningful and relevant, while at the same time is both comprehensive and supportive. The Council must speak as one voice on this important matter. All published information specifically about the welfare reform changes is now going through the corporate communication channel to ensure this.

Organisational Development

- 3.34 Work stream three will take forward the Organisational Development and Human Resource aspects of change. Any service changes, implications or issues that are identified with appropriate staff training and development being designed to support staff through change. This will also ensure that members of staff are appropriately developed to support future service delivery models. This work stream will also look at taking forward relevant consultation with employees and their trade unions.

Changes to the Administration of Housing Benefit

- 3.35 The Civica OPEN Revenues and Benefit systems have now been successfully implemented within the Revenues and Benefit Division and went live in December 2012. In the last week, we have received the software release that will enable us to deliver the Welfare Reform changes from April 2013 in relation to: Council Tax Reduction Scheme; LHA Up-rating Changes, administration of Discretionary Housing Payments and Size Criteria. This is currently being tested and we are on track to ensure that we meet our statutory requirements in relation to CTR / Benefits administration for April 2013. Customers affected by the changes outlined in para 2 will have the impact on their HB award confirmed as part of the annual re-assessment of claims that is underway. We expect to issue these notifications by the middle of March.

Council Tax Reduction – April 2013

- 3.36 Publicity on the new Council Tax Reduction Scheme will be contained in the Council Tax Guide for 2013-14 which is issued to all residents together with their 2013-14 bills in March 2013. Adverts are being placed in the press to inform all residents of the changeover when the CTax charges are published. Claimants remain protected from any impacts during 2013-14 for one year only. Guidance is still awaited from Scottish Government re operation of peripheral arrangements e.g. Appeals administration which will be carried out by the Valuation Appeals Committee. Claimants entitled to CTB at 31st March 2013 will automatically transfer over to CTR and will not need to claim help under the new scheme. Work is underway to ensure we maximise subsidy income to the LA under the existing CTB transitional arrangements.
- 3.37 Customers will be notified of their CTR awards in mid-March as part of the annual billing exercise that is underway. A significant piece of work is being carried out within the Division ensuring that all references to Council Tax Benefit are updated for 1st April 2013. Work is now just starting in Scottish Government on the design of the permanent scheme that is scheduled to be in place from April 2014.

Housing Benefit Changes – April 2013* - Move under Size Criteria

- 3.38 As outlined previously Council owned temporary accommodation is not considered as 'Supported (Exempt) Accommodation' and therefore some will be affected by the under occupancy rules.
- 3.39 Targeted visits being made to those affected by size criteria that live in temporary accommodation (53 cases). The total annual HB loss for those living in temp accommodation is £63K p.a. Those affected face a loss of approx £24.42 per week.
- 3.40 In addition it is the intention that the DWP will pay the rental element of temporary accommodation directly to the tenant under universal credit. Given the needs and circumstances of some tenants in temporary accommodation and the potential that some tenants will have problems managing their finances, there may be a significant impact on the amount of rent the Council will receive. It is therefore essential that support is provided to maximise people financial management skills in order to reduce the potential for arrears to arise.

SFIS - Single Fraud Investigation Service – April 2013

- 3.41 DWP has now confirmed that although SFIS will come into existence from April 2013, only those LAs involved in pilots will adhere to SFIS working practices and procedures. There will be no change for other LAs, including Falkirk, until sometime during 2014/15. When the roll-out takes place, investigators will still remain LA employees but will operate to SFIS policies and procedures when investigating Social Security Benefit fraud including HB. The long-term delivery model for SFIS and transfer of those posts to SFIS is still not scheduled to take place until after 2015. During 2013-14, the Investigation Team will continue to operate to the existing Benefits Anti-Fraud and Prosecution Policy in relation to the investigation of Housing Benefit. However, we will no longer be able to take sanctions action for Council Tax Reduction cases. A scoping exercise is underway with Internal Audit / Services exploring where the investigative resource could be utilised on a spend-to-save basis in other areas of Corporate Fraud in line with the recent Audit Commission report on protecting the Public Purse and best practice being adopted by a number of other Local Authorities...

Discretionary Housing Payments (DHP) – April 2013

- 3.42 There has been a significant increase in the national DHP budget for 2013-14 to help mitigate the impact of Welfare Reform. The budget in the Falkirk area has increased from £38K to £138K. The upgrade to the Civica Open platform included an automated DHP module which is scheduled to be tested during February / March and will be in place for 1st April 2013. This will enable the Revenues and Benefits Division who administer DHP to provide faster payments to those in need and regular management information. Other key policies such as Rent and Council Tax collection and Anti-Fraud and Prosecution / Corporate Fraud Policies will fall to be reviewed during 2013-14.

- 3.43 Council agreed at its meeting in September 2012 an allocation of £35k of supplementary DHP funding for 2012/13. The Council's DHP guidance for 2012/13 is currently on the Falkirk Council website. Payments from the £35k are already being made and we can confirm that the full amount is expected to be spent by this financial year end. Members are asked to approve the transfer of this amount from the Fairer Falkirk Fund budget to Revenues and Benefits for the purpose of DHP and agree to allocate a further £35,000 of additional DHP funding from the FFF for 2014/15. To allocate this effectively, and to accord with recently published, revised, DWP Guidance, officers have reviewed the criteria and policy implication of this. This is included at appendix 2 for approval. This widens the scope of the DHP thus ensuring it can target those most affected by current and planned changes in benefits.

Provision of Additional Support

- 3.44 As stated previously Revenues and Benefits, through the Rents Administration and Arrears group are working with other service to take this work forward. The Revenues and Benefit staff members have identified the tenants most likely to be affected by the Size Criteria. Housing Staff are conducting interviews with all affected tenants to ensure that vulnerable people get the support and help they need. The early indications confirm the fact that there are gaps in relation to tenant's ability to manage their money or budgets and there are very limited resources to support people improve their financial capacity or literacy.
- 3.45 In part of the Council's Poverty Strategy we highlight that the term 'financial capability' has emerged relatively recently. For many years, policy-makers referred to 'financial literacy', which the National Foundation for Educational Research defined as 'the ability to make informed judgements and take effective decisions regarding the use and management of money'. More recent thinking has emphasised people's ability to choose and utilise financial products, as well as their understanding of financial issues. This wider concept of financial capability was defined by the UK Treasury in 2007 as:

"...a broad concept, encompassing people's knowledge and skills to understand their own financial circumstances, along with the motivation to take action. Financially capable consumers plan ahead, find and use information, know when to seek advice and can understand and act on this advice, leading to greater participation in the financial services market."

- 3.46 The Financial Services Authority (FSA) identifies five key areas of financial capability:
- Being able to manage money;
 - Keeping track of finances;
 - Planning ahead;
 - Choosing financial products; and
 - Staying informed about financial matters.

- 3.47 It is easier to be financially capable on a high as opposed to a low income as the choices, services and resources that are available are greater. Unplanned life events such as redundancy, illness or death of a partner can make decisions that were correct and well thought out at one point, appear as if they were not e.g. taking out a 25 year mortgage and then being made redundant 10 years later. However it is clear that many people need help and support to understand the options that they have with regard to financial matters.
- 3.48 It is important that these skills are learned at an early age and through Curriculum for Excellence it is anticipated that all school children will learn these key skills. The Council plans to target its advice and support service to those in need i.e. those on a low income or who are vulnerable to a financial crisis to enable them to have access to the information they need to make informed decisions. Corporate and Neighbourhood Services are already undertaking a feasibility study in partnerships with a number of other councils to identify if there is a demand or need for low cost credit in the Falkirk Council area. However there is still a clear gap in relation to providing financial capability services. It is therefore proposed that officers present to members options that are currently available to deliver a Financial Capability Service. It is proposed that this is funded via the Fairer Falkirk Fund.
- 3.49 At present work across the Council in relation to Financial Inclusion and Capability is being taken forward by Community Learning and Development. It has been difficult for Community Learning and Development to take resources delivering front line services to taking a strategic overview to develop a clear approach and identify priorities for service delivery. It is therefore proposed that Corporate and Neighbourhood Services recruit a temporary development worker to develop a Financial Inclusion and Capability Strategy. This will ensure that this work is progressed in a planned and co-ordinated way. We also propose to award funding to the local credit union to appoint a Development Officer who will seek to expand the role, membership and offering of the credit unions locally.

Technical Infrastructure

- 3.50 This work stream is identifying how our technical infrastructure can accommodate new models of delivery in the short, long and medium term. To support this we are looking to purchase a new Customer Relationship Management system. This system will provide a link between services so we can ensure that we fully understand the needs of our customers and that we are managing the services we provide them appropriately. It will also replace the Council's current complaints system. Procurement advice is currently being sought on this matter. This workstream will also oversee the procurement of a new system to support the implementation of the Scottish Welfare Fund. We are also purchasing a system to manage the Scottish Welfare Fund in line with Scottish Government Guidance.

4. FAIRER FALKIRK FUNDING

- 4.1 Welfare Reform will have a significant impact on individuals within our communities. It not only brings the introduction of a new benefits regime but also changes the way people will receive benefits, the amount they receive, the obligations they will have to adhere to receive those benefits and also the sanctions that they may face. We need to make sure that we support people, so that in facing these changes they can deal with them to the best of their ability and in a way that makes these transitions as smoothly as possible. We therefore need to make sure that our support is focussed, targeted and allows for early intervention and prevention.
- 4.2 In the previous report to Council, Members approved:
- £100,00 to support enhanced financial inclusion initiatives;
 - £100,00 to support enhanced financial capability initiatives; and
 - £35,000 reallocated from the Fairer Falkirk Fund additional Discretionary Housing Payments and the proposal for the criteria for awarding payments
 - £50,000 to Macmillan Cancer Care, a partnership project with 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.
 - £150,000 Positive Transitions Project which aims to support the most vulnerable young people to achieve positive transitions post 16.
- 4.3 We want this money to mitigate the impacts of poverty and to enhance our current activities in relation to financial capability and inclusion. However like all Council budget's it is limited. It is therefore important that the FFF is used to target those most in need and in ways that complement mainstream service provision.
- 4.4 We have set aside £110,000 in the 2013/14 budget for financial inclusion and capability services. In terms of financial inclusion, Members asked that officers explore a social lending alternative to pay day and short term loan companies. We have jointly commissioned a feasibility study to explore such a model and would like to ring-fence some of this budget to potentially take this initiative forward. The feasibility project is due to finalise in March and we will bring a report of findings and recommendation to Members early in the new financial year.
- 4.5 We would also like to utilise an amount of this to directly fund an increased provision of money advice, primarily household budget advice because we know, from a variety of sources, that this is a gap in current service provision nationally and also across the Council area. During the visits to those of our tenants likely to be affected by the size criteria, members of staff have identified a number of people that need help with managing their money. As part of addressing this gap, we propose exploring a further development a joint approach to providing this advice involving the Money Advice Service and the three local CABx. We would also like to explore other opportunities to provide advice in support of building financial capacity in other locations, for example, through our one stop shops or at Credit Unions.

4.6 For a number of years the Council has funded the Older Peoples Advice Service (OPAS), managed by the Link Group. While it is important that we maximise income to older people, it is important that given the pressures on this budget we seek to priorities the use of this funding. Link are therefore seeking to attract alternative funding for this project thus potentially freeing up the money from the Fairer Falkirk Fund. Link has, however, submitted a new application to the Council for funding for a Welfare Rights Officer to provide a holistic welfare advice service and has applied through another funding source, which, if successful, would allow it to provide additional access to a Money Advice Officer and Inclusion Officer. However given this would be in addition to CAB, the Councils own services etc., officers do not feel that it makes sense to fund another generic welfare advice service. As noted above we must seek to provide services such as income / budgeting and money management advice as a means of early intervention and prevention, and would propose to utilise the funding previously allocated to Link to do this. Given this, it is proposed that once the outcome of alternative sources of income for the older persons project is known further consideration of this funding is made.

4.7 We are therefore proposing that the FF Fund is used to:

- Provide a face to face service in support Scottish Welfare Fund as stated 3.18
- Project/Change Manager as stated in para 3.29
- Financial Capability Service as stated in para 3.48

4.8 Providing an additional face to face service as part of the Scottish Welfare Fund team is a small step towards achieving the Poverty Strategy Outcome of maximising income and debt prevention. Demands on the Fairer Falkirk budget are increasing so we are proposing that council agrees that staffing costs for the Scottish Welfare fund face to face service are met out of the £130k underspend for the Fairer Falkirk Fund. This funding would be in addition to the funding for the bank of staff being funded by the Scottish Government.

4.9 Detailed budget proposals are set out in Appendix 3.

5. CONCLUSION

5.1 Towards a Fairer Falkirk the Council's Poverty Strategy provides a useful framework for the work that is being undertaken in relation to Welfare Reform. It is clear that Welfare Reform presents a significant challenge to our aims of:

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

5.2 It is therefore important than we seek to maximise the number of people in employment but also prevent people from getting into debt and thus ensuring that front line service delivery focuses on income maximisation. Given that 1 in 3 eligible people are not claiming benefits they are entitled to it is important that we do what we can to make sure that people claim the benefits they are entitled to.

- 5.3 The work undertaken by services in relation to the Social Rented Size Criteria has confirmed that there is a gap in our provision of financial capability services. It is important that we try to meet this immediate need but as important that we take a strategic view of what is needed in our community. However a short-term funding solution will not solve this long-term issue and we will need to consider what other resources are available from existing service redesign or external funding sources.
- 5.4 The development of a Financial Inclusion and Capability Strategy and Action Plan should set out what provision currently exists and what further action is needed to ensure that we have a sustainable Financial Capability Service.
- 5.5 The Fairer Falkirk Fund is a limited but important resource. It is therefore important when this budget is stretched as it tries to respond to changes in the external environment that we ensure that the Council's priorities and outcomes continue to be met.

6. RECOMMENDATIONS

It is recommended that Members:

- 6.1 **Note the progress made in the report to support the implementation and impact of Welfare Reform;**
- 6.2 **Note in particular the approach outlined to support the delivery of the Scottish Welfare Fund;**
- 6.3 **Allocate £35k from the Fairer Falkirk Fund to increase the budget provision for DHPs for 2012/13 and agree the proposed criteria/policy intentions outlined in Appendix II for 2013/14 – in particular the definition of significant adaptation set out in para 5.2 of this appendix;**
- 6.4 **Note the update on the work streams; and**
- 6.5 **Approve the proposals set out in Appendix III and in paragraph 4.4 and 4.5 for utilising the Fairer Falkirk Fund to support Welfare Reform.**

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DIRECTOR OF CORPORATE AND NEIGHBOURHOOD SERVICES

Date: 07 February 2013

Ref: ABK0313LG – Welfare reform Update
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
3. Report to Falkirk Council, Welfare Reform, September 2012

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