

FALKIRK COUNCIL

Subject: 'TOWARDS A FAIRER FALKIRK' – UPDATE REPORT
Meeting: EXECUTIVE
Date: 27 MAY 2014
Author: DIRECTOR OF CORPORATE & NEIGHBOURHOOD SERVICES

1. INTRODUCTION

- 1.1 The Poverty Strategy 'Towards a Fairer Falkirk' was approved by Members in March 2011. This report updates members about what Council Services are doing to tackle poverty. It will also tell you what Council Services are doing to mitigate the impact of Welfare Reform. Recommendations for spending the Fairer Falkirk Fund will be made at the end of the report.
- 1.2 The Strategy noted that we see being fair as meaning that:
- Some services will be 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 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; and
 - Impacts on communities and participation.
- 1.5 To take forward the issues of poverty and inequalities it was agreed that existing groups would ensure that we would seek to develop mitigating actions and embed them within the existing work plans e.g. integrated children's plan, etc.

- 1.6 Members will be aware of the information sessions that have been run recently to update them on the work being taken forward in pursuance of the Poverty strategy and also with regard to welfare reform. These information sessions will continue to ensure all Members are made aware of the changes proposed for the welfare benefits system.
- 1.7 Since the approval of the Poverty Strategy there have been significant changes in welfare reform which the Council and our services have been working to address. This report notes some of the work we have been undertaking and how we will take this forward through established work streams and also the Fairer Falkirk Fund.

2. WELFARE REFORM

- 2.1 Welfare Reform is the biggest change to the Welfare system in 60 years. The main changes to the welfare system were contained in the Welfare Reform Act 2012, with the following objectives:
- The introduction of Universal Credit to provide a simple payment that will improve incentives to work
 - A stronger approach to reducing fraud and error with tougher penalties for the most serious offences
 - A new 'claimant commitment' showing clearly what is expected of claimants while giving protection to those with the greatest needs
 - Reforms to Disability Living Allowance, through the introduction of Personal Independence Payment to meet the needs of disabled people today
 - Creating a fairer approach to Housing Benefit to bring stability to the market and improve incentives to work
 - Preventing abuse of the Social Fund system by giving greater power to local authorities
 - Reforming Employment and Support Allowance to make the benefit fairer and to ensure help goes to those with the greatest need
 - Changes to support a new system of child support which puts the interest of the child first
- 2.2 Welfare Reform will increase the demand for employability and skills services locally and the new conditionality regime will apply to claimants both in and out of work. In the case of joint claims, both partners will have to accept their 'claimant commitment' and fulfil any conditionality requirements. Falkirk Council will play an important role in triaging service users to appropriate services and this support will be especially important for vulnerable groups who might otherwise struggle to navigate and engage with the system. There is an opportunity to explore and implement integrated assessment and planning for claimants and may require new models of service delivery to be explored and/or to be better aligned. The terms and conditions of engagement due to the conditionality will require clear guidance on partnership reporting and data exchange which could result in punitive measures being implemented.

- 2.3 The Work Programme will sit alongside Universal Credit and is central to the government's plans to reform welfare benefits and tackle worklessness. As the single largest employment programme it provides support for both the long-term unemployed and people with work-limiting health conditions. Falkirk has one appointed sub contractor. This is an area of particular concern as there is no local accountability or ability to influence delivery. At present both Scottish Government and Falkirk Council employability resources target non Work Programme clients which results in an inconsistent local employability offer.

Timeline of Key Changes

TABLE 1: WELFARE REFORM KEY CHANGES TO DATE:

2008	Employment and Support Allowance (ESA)
2011	Local Housing Allowance reduced Phased 3 year increase in non dependent deductions in Housing Benefit as other adults in property expected to contribute
Jan 2012	Local Housing Allowance – shared rate for <35s
April 2013	Scottish Welfare Fund Council Tax Benefit abolished and replaced with a national Council Tax Reduction scheme for Scotland until 2015/16. Local schemes of support may be introduced thereafter. Reduction in Housing Benefit eligible rent due to size criteria in social rented sector Increased Discretionary Housing Payment budget – to mitigate Welfare Reform impacts to those in need who are struggling to pay their rent
June 2013	Start of phasing out of Disability Living Allowance – new applicants apply for Personal Independent Payments (PIP)
July 2013	Benefits Cap applied to Housing Benefit
Oct 2013	Claimants commitment introduced for all job seekers
Jan 2014	DLA renewals apply for PIP for all EH post codes i.e. Blackness, Bo'ness etc.

TABLE 2: WELFARE REFORM KEY FUTURE CHANGES:

Oct 2014	Start of Single Fraud Investigation Service being rolled out – responsibilities for the investigation of Housing Benefit fraud move from Councils to DWP by end March 2016
Oct 2015	DLA to PIP – transfer of all remaining cases
2015/16	Local Support Services Framework – local partnerships to plan to deliver support and advice services from April 2016 and beyond
2016/17	Universal Credit- expected roll out from April 2016 including <ul style="list-style-type: none"> • Single household payment • Direct payment to tenant • Single monthly payment Housing Benefit caseload migrated to DWP by 2018 (working age cases only) in line with Universal Credit roll out.

- 2.4 There are various estimates of the impact of these changes which vary due to differences in methodology and scope. However taking an estimate that falls in the middle of the range, a Scottish Government Report¹ estimates that once all the changes are implemented, the impact across Scotland will be a reduction of £1.6b per year. The estimated impact at a Falkirk Council level is £48m per year, or £470 per working age adult.
- 2.5 The impact of the reforms varies considerably across the different Scottish Council areas, with Glasgow expected to see the greatest impact (£650 per working age adult) and Shetland expected to see the least impact (£290 per working age adult). The impact on Falkirk of £470 per working age adult is close to the Scottish average, estimated to be £480 per year.
- 2.6 Scottish Government are currently taking forward a piece of research, in collaboration with Local Government, COSLA, the Improvement Service and SLAED, to better understand the implications of Welfare Reform policies on the demand and effectiveness of mitigation and employment services.

Our approach to Welfare Reform

- 2.7 As stated previously priority has been given to develop and manage the Council's response to Welfare Reform. To provide leadership and direction the Welfare Reform Governance Group was established to ensure that the Council takes appropriate action in response to the impact that welfare reform has on our services, employees and importantly, our communities. The group includes representation from Housing, Finance, Social Work, Human Resources & Customer First and Policy, Technology and Improvement and is chaired by the Director of Corporate and Neighbourhood Services.
- 2.8 The following work streams are currently being established to support the Welfare Reform Governance Group to mitigate the impact on services and people affected by Reform:
- Better supporting customers impacted by welfare reform
 - Empowering customers to manage with less
 - Implementing internal change
 - Sustaining tenancies and reducing arrears
 - Communications
 - Tackling Poverty partners group
- 2.9 These work streams will deliver a range of initiatives including:
- Reviewing support service delivery
 - Understanding customer requirements with a focus on disengaged and 'hard to reach' customers
 - Financial inclusion and capability initiatives
 - Preventing rent arrears
 - Maximising benefits

¹ http://www.scottish.parliament.uk/S4_Welfare_Reform_Committee/Reports/wrR-13-02w.pdf

- Targeting campaigns to improve uptake of support
- Local Support Services Framework
- Assessing impact of change on workforce, assets and resources

2.10 A scorecard consisting of a number of key indicators has been developed to monitor the impact of Welfare Reform on the Falkirk Council area (Appendix 1). Whilst there is limited data at the moment to confirm the extent of the impact of Welfare Reform on citizens and services, a number of possible trends have been identified as follows:

- Benefits appeals: Overall there has been an increase in the number of benefits appeals supported by Falkirk Council throughout the year however the number of appeals has fallen each quarter.
- Visits to the Salvation Army soup kitchen have increased in the second quarter of this year, however the numbers dropped again in the third quarter. There were approximately 2000 more visits to the Salvation Army soup kitchen in 2013/14 compared to 2012/13.
- Quarterly spend from the Scottish Welfare Fund has increased each quarter so far. It is expected that this trend will continue due to the changes to the fund and increasing awareness. There was a big increase in the number of crisis grant awards in Quarter 4, possibly due to the communications campaign.
- There was a reduction in the number of council tenants in rent arrears due to size criteria in Quarters 3 and 4. This is due in the main to Discretionary Housing Payment (DHP) awards made during those quarters that mitigated impact in a significant number of cases
- DHP spend has increased quarterly with the most significant increase in the number of applications received and approved being in Quarter 4, as a result of the targeted take up campaign. 99.7% of the available budget has been spent in full for 2013/14.

2.11 These trends will be closely monitored by the Welfare Reform Governance Group as more data becomes available and where possible actions will be taken to address the areas where Welfare Reform is impacting.

Impact of Welfare Reform on Falkirk Council Citizens so far

2.12 Across the Falkirk Council area we have 13 households currently affected by the Benefits Cap which restricts their weekly income from benefits, via a reduction in Housing Benefit. The council has engaged directly with these households to assist them with dealing with this change.

2.1.4 As of 6th April 2014 (end of 2013/14 rent year), 2466 council tenant households are currently affected by size criteria. Since the introduction of size criteria restrictions in April 2013, 3583 households across the Falkirk Council area have been affected by a reduction in Housing Benefit due to size criteria. This has resulted in a £1.119 million reduction in Housing Benefit (from 1st April 2013 to 6th April 2014).

3. FALKIRK COUNCIL RESPONSE TO WELFARE REFORM

- 3.1 In addition to establishing the Welfare Reform Governance Group and workstreams described above, the Council has delivered a number of interventions to directly support citizens impacted by Welfare Reform including:
- Scottish Welfare Fund
 - Discretionary Housing Payments
- 3.2 The Council is also currently in the process of implementing a specialist team targeted at addressing tenancy sustainment, preventing homelessness and reducing arrears.
- 3.3 In 2013, Members agreed that if “rent arrears accrued that could be solely attributed to the implementation of a size criteria restriction (which reduced the amount of Housing Benefit a tenant received and increased the amount of rent they had to pay) and we were satisfied that the tenant was doing all that can be reasonably expected in order to avoid falling into arrears, then we would use all legitimate means to collect rent due, except eviction”
- 3.4 This was agreed by Members for the first year of the reform. Given that Scottish Government intends to provide additional funding to mitigate the impact of Size Criteria across Scotland for 2014/15, it is proposed that the policy set out above be continued. It must be stressed however that households must engage with the Council and take all appropriate steps to make a reasonable and sustainable repayment plan.
- 3.5 Research is currently underway to provide us with a better understanding of our customer requirements for support to manage with less, particularly in response to the impacts of Welfare Reform. This work has a specific focus on vulnerable customers who often do not engage with the Council. The findings from this work, which is due to be completed in June 2014, will be considered as part of a broader consideration of current and future service delivery mechanisms.
- 3.6 A proposal was recently submitted to the Scottish Government Welfare Reform Resilience Fund 2014/15 and is currently under consideration for funding.
- 3.7 This proposal aims to improve our frontline assessment and support for customers with complex / multiple needs through improved triage at first point of contact, implementation of a specialist needs assessment service aimed at reducing benefits sanctions, and building capacity within key support agencies. It is proposed that the triage service includes support from the Scottish Welfare Fund, housing and the Citizen’s Advice Bureaux FAWBASU Welfare Benefits project. The proposal has a specific focus on assessing and resolving complex issues and will test the hypothesis that ‘mental health is a significant factor in claimants being unable to fulfil their claimant obligation and therefore being at risk of benefit sanctions’.
- 3.8 The total costs of the proposed project are £156,250, with £66,250 funding requested from the Scottish Government fund.

Scottish Welfare Fund

- 3.9 The Scottish Welfare Fund is a national scheme, delivered through the Local Authorities, to:
- Provide Crisis Grants
 - Provide people with a safety net in the event of a disaster or emergency which poses an immediate and substantial risk to health and safety.
 - Provide Community Care Grants
 - Help people leaving care to live on their own;
 - Provide items to allow people to live in their own home where they may be at risk of going into care;
 - Provide help if a family is facing exceptional pressures.
- 3.10 Customers can apply to the Scottish Welfare Fund by phone, in person at any of our one stop shops, online or by post.
- 3.11 Local Authorities have the discretion to decide how they will deliver support from the Scottish Welfare Fund. Falkirk Council opted to provide support via the direct provision of Goods and Services as follows:
- Local Supermarket Vouchers restricted for Food and Clothing; e.g. Tesco, Asda, Morrisons, Farmfoods, Sainsburys;
 - Paypoint vouchers for energy suppliers;
 - Household items e.g. bed, bedding, cooker, washing machine First bus travel vouchers;
 - “Fasterpayments” direct to bank accounts for other travel arrangements e.g. Petrol / rail travel;
 - In very exceptional circumstances cash payments can be arranged.
- 3.12 Nationally set guidance is provided on how grants are to be assessed and awarded. The budget for the fund for 2013/14 was £927,820. The budget for 2014/15 is also £927,820 plus any underspend from 2013/14. Between 1st April 2013 and 31st March 2014, Falkirk Council’s Scottish Welfare Fund made the following awards

TABLE 3: SCOTTISH WELFARE FUND 2013/14:

2013/14	No of applications received	No of applications approved	Total value of grants provided
Crisis Grant	4209	2480	£157,618.38
Community Care Grant	2020	1021	£481,981.39
Total	6229	3501	£639,599.77

- 3.13 In addition to providing the support as detailed above, the Scottish Welfare Fund team have signposted or directly referred customers onto the following for additional support:
- DWP Hardship Fund, Short Term Benefit Advance, Surestart Maternity Grants;
 - Jobcentre Plus Flexible Fund;

- Falkirk Council Housing Services, Access to Housing, Homeless Project, Debt Advice, Welfare Benefits Advice & Income Maximisation, Social Work;
- British Gas Energy Trust;
- CAB;
- Charities - Falkirk Food Bank, Salvation Army, Y People, Carer's Centre and The Samaritans.

Discretionary Housing Payments

- 3.14 Discretionary Housing Payment (DHP) is a discretionary scheme that can provide extra money to people who need further financial help to pay a shortfall in their rent.
- 3.15 The scheme is administered by Local Authorities on behalf of the Department for Work and Pensions. Customers can apply to the DHP Team by phone, in writing or in person at any of our One Stop Shops. They can also download a form from our web-site to complete.
- 3.16 The scheme provides short term awards, based on individual need and is aimed at those suffering financial hardship. However, given the impact of size criteria, longer term awards have been made to this client group for 2013/14.
- 3.17 DWP provides funding for the scheme and sets a maximum threshold at which expenditure is capped.
- 3.18 In Scotland, for 2013/14 and again for 2014/15, this funding has been augmented by additional monies from Scottish Government and our budget has been increased to £645,145 funded by:
- DWP contribution of £258,058;
 - Scottish government contribution of £387,000.
- 3.19 In addition, Scottish Government announced in February 2014 that they would provide LAs with further funds to enable them to fully mitigate the impact of Size Criteria across Scotland in 2014/15. An announcement on the distribution of this money is expected in the near future.
- 3.20 However, on 2nd May 2014, the UK Government offered to provide Scottish Ministers with a power to set the statutory cap in Scotland which may mean that the addition funds are simply added to existing DHP budget and a separate scheme may not be required. At this point Councils have not been advised of their allocations.
- 3.21 COSLA advised LAs on 13 May that it intends to seek an assurance from Scottish Ministers that the Scottish Government will meet 100% of each council's Housing Benefit liability as a result of the Size Criteria restrictions. It also intends to request that the Scottish Government seeks a letter of comfort from DWP confirming that no council will be placed in legal difficulty as a result of exceeding the DHP cap, prior to the Scottish DHP powers becoming law (these not likely to be in place until the autumn). COSLA hopes that these assurances will provide sufficient comfort for councils to be able to mitigate the Size Criteria liability in full without feeling constrained or exposed. COSLA

hopes to be in a position to advise Leaders at their meeting at the end of this month of the Scottish Government's response.

- 3.22 The DHP policy for 2014/15 may fall to be reviewed once these announcements are made and once we have scoped whether we do indeed have sufficient funds to fully mitigate the £1,354,748 HB loss expected for 2014/15.
- 3.23 The funding situation is not yet clear and the media coverage of this has caused some confusion among tenants about their requirement to pay the shortfall in rent as a result of the Size Criteria restrictions. Once we receive confirmation on the arrangements we will notify tenants of this. In the meantime, the situation remains that tenants are expected to try to make up the shortfall in their rent and to contact the Council should they find this difficult to do.
- 3.24 Prior to April 2014, we received approximately 48 applications per year (based on 2010-2013) and DHP was predominately paid to private sector and Registered Social Landlord tenants. Due to the small number of applications, DHP was administered as part of normal duties by team leaders within the Revenues and Benefits Division.
- 3.25 The final DHP budget allocation for Falkirk Council for the year 2013/14 was £449,300, which represented a 12 fold increase on the budget for 2012/13.
- 3.26 99.7% of the DHP budget available for 2013/14 has been spent in full (£447,979) with the remaining £1,351 being carried forward to 2014/15.

TABLE 4: DISCRETIONARY HOUSING PAYMENTS 2013/14

Tenure	Claims rec'd	Decisions Made	Claims Paid	Claims refused	o/s claims	Value
Council tenants	1574	1574	1151	422	0	329 030
RSL's	249	249	159	90	0	58 533
Private rented sector	189	189	128	61	0	60 416
Total	2011	2011	1438	573	0	447 979

- 3.27 To deliver DHP, the service has seconded a Senior Benefits Officer to deal with Welfare Reform and DHP and has set up a team of 4 staff, including a temporary Benefit Officer who is responsible for the day-to-day supervision of the team.
- 3.28 A robust assessment process has been developed and a revised DHP policy was agreed by members. A telephone helpline has been put in place and a series of training and briefing session have been carried out to ensure frontline staff are informed. A targeted take up campaign has been carried out and this has resulted in a 20 fold increase in the number of applications compared to the previous year.

- 3.29 In addition to making DHP awards, the DHP team deliver the Welfare Reform hot-line service that the Division provides to its customers to ensure a single, consistent point of contact for those affected by Housing Benefit / Council Tax Reduction changes. The team also help implement the operational change within the Division and deal with the increased demand for complaints, appeals, FOI enquiries and management information that Welfare Reform has generated which have increased 3 fold compared with 2012/13.
- 3.30 They also signpost customers onto the following for additional support:
- Debt advice
 - Welfare Benefits advice
 - Social Work
 - Scottish Welfare Fund
 - Housing options
 - Homelessness Accommodation Officers
 - Job Centre Plus
 - Employment and Training Unit

Impact of Sanctions

- 3.31 Since January 2013 people in receipt of working age benefits who are unemployed are asked by the DWP 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.

- 3.32 Failure to comply with the above can lead to sanctions being applied as follows:

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.

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.

Benefits can be stopped completely if a person:

- Does not actively seek work (proof is required); or
- Is not available for work (proof is required).

- 3.33 Between October 2012 and June 2013, 1880 sanctions were applied across the Falkirk Council area. It is estimated that approximately 1090 of these were likely to be low level, 600 intermediate level, and 190 high level.
- 3.34 Scottish Government research suggests that those who are particularly vulnerable to sanctions are also the most disadvantaged. This includes people that lack work experience or who face practical barriers to work, such as not having access to a car. Those with health problems, including mental health difficulties, are also vulnerable to sanction. Young people receive a higher proportion of sanctions compared to older age groups. Some evidence suggests that men are more likely than women to be sanctioned. Research shows that women who have experienced domestic abuse are also disproportionately more likely to receive sanctions.

4. FINANCIAL INCLUSION AND CAPABILITY

- 4.1 A number of areas of work are being taken forward, much of which has been funded through the Fairer Falkirk Fund. The Council funded a feasibility study for the establishment of a Community Development Finance Initiative (CDFI) as a social alternative to high cost lending and Officers are currently taking forward the findings of this. It also funded a Feasibility Study on a lower cost solution to high cost home credit companies like 'Brighthouse' and its equivalents.
- 4.2 Members also agreed to utilise the Fairer Falkirk Fund to allow the Falkirk and District Credit Union to develop a new online IT system that will make it much easier for people to apply for membership, open savings accounts and apply for low cost loans. It will also allow a facility for "Jam Jar" accounts, which help with household budgeting. This system is expected to go live in the middle of May 2014. We are working closely with this credit union to continue to expand its products and services and grow its business. We are also beginning to work with the other credit unions in the Falkirk Council area to help develop the credit union movement generally.
- 4.3 At a Scottish level, new legislation is being proposed around National Standards for Money Advice and a new UK National Strategy on Financial Capability is also expected. As has been reported previously to Members, we also have two posts in place to help take forward the Financial Capability and Financial Inclusion strands of the 'Towards a Fairer Falkirk'. Corporate and Neighbourhood Services are in the process of undertaking a mapping exercise to establish what financial capability work is currently taking place across the Council area and to establish opportunities for developing an area wide financial capability service.
- 4.4 Once these are complete it is proposed that this information will be used to develop a Financial Inclusion and Capability Strategy in support of 'Towards a Fairer Falkirk'. We plan to bring this to Members during 2014/15.

- 4.5 Corporate and Neighbourhood Services, the CABx and Social Work, Community Advice Service (Welfare Benefits) regularly meet and this group developed a successful joint bid for the Support and Connect funding, which is part of the Big Lottery Fund to provide additional help to those affected to changes to the welfare benefits and to provide support to ask DWP for reconsiderations or to raise formal appeals. The “Falkirk Area Welfare Benefits Advice Support Unit” has been operating for a few months now and is beginning to work well with other partners in the area.

5. EMPLOYABILITY

- 5.1 Employability is a policy area which relates to a number of activities within Falkirk Council including business support, economic growth, education, training, regeneration, health and wellbeing. The focus on employment and employability continues to grow as economic recovery remains challenging and the changes in welfare are implemented. It also becomes important to focus on increasing the type and quality of jobs thus giving people a better chance to move out of poverty.
- 5.2 A revised Falkirk Employability Framework and Action Plan was approved by the Community Planning Partnership in June 2013 recognising the changes in the economic and policy environment and the on-going review and reform of public services.
- 5.3 It is generally accepted that getting people back to work is one of the best ways of lifting people out of poverty. The overarching outcome for the Falkirk Employability Framework is to, “maximise the percentage of working age residents attaining and sustaining better paid secure employment.” The activities and actions to achieve the outcomes are being taken forward in three work streams action plans:
- 1) **Customer Journey** – Mapping current service provision and programmes against the strategic skills pipeline highlighting gaps, duplication and/or over provision contributing to a more joined up and integrated offer and approach to commissioning;
 - 2) **Employer Engagement and Labour Market Intelligence** – to deliver a single coherent employer offer, creating a partnership website and tool kit with uniform quality standards, procedures and paperwork including a work experience charter;
 - 3) **Youth Transitions** - Through opportunities for all, ensuring young people enter a positive and sustained destination on leaving school, improving young people’s learning opportunities, learner journey, skills development and participation in the labour market.
- 5.4 The Scottish Employability Forum which provides political leadership from three tiers of Government has identified four key priorities for partnership action to enhance the efficiency and effectiveness of employability service delivery, these are outlined below and taken account of in the Falkirk Employability Framework and Action Plan 2013/16.
- Better linking of Employability and Economic Development
 - Allocation of resources across priority groups
 - Measuring Performance

- Assessing the impact of Welfare Reform on Employability
- 5.5 Employability services in Falkirk are being increasingly delivered as part of an integrated model of support based on the strategic Skills/Employability Pipeline model broken down by “age and stage.” Falkirk Council is the principle provider of services to job seekers with multiple support requirements are best placed to co-ordinate the planning, delivery and management of integrated support services.
 - 5.6 At present approximately 80% of employability resources are aimed at young people due to the persistent disproportionate impact of unemployment on young people and also recognising that the area still has a higher level of youth unemployment than the national average.
 - 5.7 However, there is concern that the current approach does not create sufficient scope to meet the increasing demand for support from older job seekers who numerically are more than double the number of young people. This is currently being reviewed at a national level by the Cambridge Policy Consultants with a report and recommended actions for the three tiers of government anticipated in June 2014.
 - 5.8 Since the impact of the recession in 2008 unemployment rates have been persistently high rising from 2.7% in 2006, reaching a peak of 4.7% in 2011, currently at 3.8%. Youth unemployment levels increased from 5.7% in 2006 to a peak in August 2011 at 1,440 (10.6%) and have improved at a faster rate currently at 955 (7.5%²). Unemployment is still considerably higher than the pre-recession levels however there has been little or no economic growth and efforts have helped to stabilise and reverse the trend, although it is also recognised that there are high levels of under employment.
 - 5.9 A key focus on school leavers has resulted in a continuous improvement in the number of 16 – 18 year olds unemployed and seeking illustrated in the highest level of positive school leaving destinations ever at 91.1%, with more young people at that age entering employment and training than the national average.

6. OTHER ACTIVITY

- 6.1 ETU had undertaken 1500 core skills assessments (Literacy/Numeracy and IT) this service is also offered to DWP to help determine the literacy, numeracy and IT competencies and support needs of individuals.

Charging and Concession Strategy

- 6.2 Members will recall that as part of the Poverty strategy a Charging and Concession Strategy was approved in December 2012. This set out a way of applying charges and concessions to minimise the impact on those most in need and covered all aspects of the Council with the exception of Social Work, where a charging policy had recently been approved. However soon after the approval of the strategy, the charges this might have been applied to were removed as part of the budget considerations.

² Figures at February 2014

- 6.3 Recently Audit Scotland has published a national report on charging and concessions. This is currently being reviewed to see how the recommendations might apply to the Council. In addition officers are looking again at all charges and concessions and will report back to Members in the future on this.

Single Fraud Investigation Service

- 6.4 As noted at paragraph 2.3, table 2, actions are now being taken to work with DWP on the establishment of the Single Fraud Investigation Service (SFIS). This new arrangement will see those functions in local authorities that currently investigate both Housing Benefit (HB) fraud and residual Council Tax Benefit (CTB) fraud, transfer to DWP.
- 6.5 Responsibility for the investigation of Housing Benefit compliance cases, Council Tax Reduction investigations, as well as liaison arrangements with SFIS and raising HB overpayments as a result of HB / CTB fraud investigations will remain with the LA.
- 6.6 Roll-out of SFIS will commence with a small number of sites in summer 2014, and full roll out will run from October 2014 through to March 2016. The transfer date for Falkirk Council was recently confirmed as 1st November 2014 and the DWP will start to engage with us about the scoping exercise and migration 4-6 months before this date.
- 6.7 The Council has four posts which undertake investigations and it is anticipated that two of these posts (one of which is vacant) may potentially be in scope to transfer; this however, is still subject to discussion. To date, the Council has not been advised of when these posts will transfer although there is the potential that this will happen during late 2014. In addition, DWP has determined that the transfer of staff will not be covered by TUPE legislation. Negotiations have been on-going with DWP, COSLA and Trade Unions on this matter to ensure that the statutory instrument being developed to enable the transfer of staff does however, as far as possible, offer employees transferring from Councils to DWP the necessary employment protection that they would have received had TUPE applied.
- 6.8 Given that number of posts identified for potential transfer, it is suggested that officers undertake work in consultation with the employees affected, as well as Trade Unions, to assess redeployment options for these individuals, should they wish to remain with the Council. This may include the development of further fraud work across other areas of the Council's Services. If Members support this approach, discussions will commence as soon as possible to take this forward.

School Fund

- 6.9 It was agreed by members that we look to support children and young people to participate in school activities and extra curriculum activities. To support this, it was agreed to provide a fund to give children from poorer families the opportunity to take part in school run activities. To achieve this we are looking at funds the Council currently administers such as trusts etc. There are a number of legal steps that need to be taken before this can happen.

Equality and Poverty Impact Assessment Process

- 6.10 The Poverty Impact Assessment and the Equality Impact Assessment processes have now been combined, so that we have an Equality and Poverty Impact Assessment (EPIA). This means that any change to a policy, a process or a budget is assessed so that we can understand the impact of our decisions on our vulnerable communities. This means that we can consider these impacts before taking a decision to make a change.
- 6.11 The joint process was used for the first time as part of the budget setting process. Corporate and Neighbourhood Services are working with Governance and other services to further refine this process to ensure that it continues to be fit for purpose.
- 6.12 The introduction of any new process needs the co-operation and involvement of all Services. Corporate and Neighbourhood Services have delivered a number of presentations to raise awareness of equality and poverty across the Council and enable staff to understand poverty and how this affects people and communities.

Living Wage

- 6.13 Falkirk Council introduced the Living Wage for its employees in 2012. The Living Wage Foundation has a scheme to accredit employers providing a living wage. The Council has now successfully achieved such accreditation and is recognised by the Foundation as a Living Wage Employer. The Poverty Alliance who promotes the living wage across Scotland suggests that to make a difference, more employers will need to make living wage payments a minimum for their employees. Whilst the Council can encourage employers to do this, the Council must take into account public procurement legislation when establishing Council contracts. Given the current legislative framework, the Council is unable to directly link the payment of the living wage to the award criteria of contracts, i.e., the living wage cannot be used as a factor in deciding the placement of a publicly procured contract. The Council will however, seek where possible, to encourage and promote the living wage.

Income and measures of poverty

- 6.14 Falkirk Council and 3 other local authorities: Edinburgh, Fife and Highland commissioned research so that we could better understand patterns of income distribution, poverty and deprivation.
- 6.15 Poverty and disadvantage can be measured in different ways. The measures used by the Scottish government to identify SIMD areas used entitlement to benefits. The Councils involved in the research believed that this measure of poverty did not take account of people on low income not entitled to benefits. The research looked at 3 types of poverty measures: income, material deprivation and benefit entitlement.
- 6.16 The income measure is 60% below median income; this is how the Council measures poverty. Material deprivation is where households lack certain items, which most people say are needed, because they cannot afford them. Benefit entitlement means that people are in receipt of benefits. This is the measure used to identify areas of multiple deprivation.

- 6.17 The research confirmed what officers believed about poverty and low income in Falkirk. It confirmed that income measures were related to the type of work someone was able to do. This was related to, for example occupational class, car ownership, age, household type, ethnicity and housing sector. Income measures were affected by how many people live in a house and are in work, for example, families with children are particularly vulnerable to poverty, particularly after housing costs are taken into account.
- 6.18 The people that are classed as poor using income and material deprivation measures but not using benefits measures include younger households, single adults, larger families, private renters and non-white ethnic groups.
- 6.19 This group are found across all geographic areas, whereas people who are poor using benefits measures but not income measures are heavily concentrated in the most deprived areas. Older households are poor using income based measures before housing costs but not after housing costs. Older households are not classed as poor using material deprivation or benefit measures
- 6.20 In Falkirk although we have lower than the Scottish average levels of family or child poverty we have higher levels of poverty in our working age households without children. We have higher levels of poverty than the Scottish average when using low income measures and material deprivation measures but not using benefit measures. Income measures show that in most areas of Falkirk, there are high percentages of households who are poor. There are low numbers of households that have a middle income and few households that have a high income. Using material deprivation measures nearly half of all our areas have above average levels of poverty.
- 6.21 Material deprivation and low income measures appear to be related to each other, but not to benefit measures. There are many reasons why people might be on a low income but not eligible for benefit, for example home owners who work and are on a low wage. Additionally changes to the welfare benefit system mean that some low income workers could have lost their eligibility for benefit due to the loss of tax credits.
- 6.22 National research has shown that in-work poverty is increasing and that there are increasing levels of people who are under-employed. This term can be used to describe two situations, the first when someone takes a job that they are over qualified for or have a higher skill and experience level than the job requires, the second where people take part-time work when they would prefer a full-time job.

Our approach to Poverty

- 6.23 In recent years our approach has prioritised people who are in receipt of welfare benefits and whilst it is critical that we don't lose sight of this, we also need to explore how we can in addition support people on low household income who are in work. We also need to make sure that the four areas of priority: health and wellbeing, children, housing and community and participation, are being fully addressed and that we have the balance of our efforts right.

- 6.24 In addition we need to make sure all our partners are fully engaged. To achieve this we propose that we will re-establish a strategic partners group to address the issues of poverty in our communities. This Group will take forward the outcomes within our Single Outcome Agreement with a specific focus on poverty. People need money and work, advice and help and sometimes they just need the essentials (food, fuel, housing, furniture and clothes). This group will also identify and oversee responses to issues under each of the areas identified in the poverty strategy as noted in Section 1.4.
- 6.25 We will therefore look to review our Poverty strategy to update the statistics contained therein and to ensure it continues to focus on the groups and communities most in need. The Scottish Government has recently published its own child poverty strategy and this review will ensure the two strategies are complementary.

7. FAIRER FALKIRK FUNDING

- 7.1 Welfare Reform is already having a significant impact on individuals within our communities and will continue to do so. We need to make sure that we continue to support people through these changes and target those most affected and most vulnerable in a focused way that allows for early intervention and prevention.
- 7.2 In previous report to Council, Members approved:
- 7.3 Continued funding at the same level as 2012/13 in support of:
- Employment and Training Initiatives
 - Community Advice Services
 - Positive Transitions
 - Real Jobs Falkirk
 - Axis Barnardos
 - CABx – financial inclusion and capability
 - Credit Union Admin worker/costs
- 7.4 Funding for three additional posts for a period of two years:
- Welfare Reform Project Manager
 - Financial Inclusion and Credit Union Development Officer
 - Financial Capability Development Officer
- 7.5 Top-up funding for:
- The Scottish Welfare Fund Face to Face Service
 - The Discretionary Housing Payments Fund (DHP)
 - The Support and Connect (FAWBASU) Project
- 7.6 One-off payments to:
- Falkirk and District Credit Union to cover the cost of a new ICT system that would allow online banking for members

- Carry out research to identify how better to engage with “hard to reach” customers, as described in section 3.4.
 - A small sum of money to Denny CAB to support accommodation costs.
- 7.7 Members agreed to set aside an additional sum of up to £100,000 to fund work related to financial inclusion and capability. In terms of financial inclusion, Members asked that officers explore a social lending alternative to pay day and short term loan companies. We jointly commissioned a feasibility study to explore such a model and Corporate Policy staff members continue to take this forward with colleagues from other local authorities. We also carried out a feasibility study to examine the potential for a low cost furniture initiative as an alternative to high cost home credit stores, which reported at the end of March this year.
- 7.8 We carried out a range of publicity and marketing of the Scottish Welfare Fund and other local support services and arranged a number of training and awareness sessions for staff on benefits and money advice, provided by specialist trainers. We also provided additional ICT sessions combining Money Advice for people on CLD’s waiting list for training.
- 7.9 In 2014/15 we are proposing that the FF Fund is used to:
- Continue to fund those proposals set out at 7.3 and 7.4 above.
- 7.10 Members are asked to approve and consider:
- continuing to provide top up funding to the administration of the Scottish Welfare Fund, estimated this year at £153,510.
 - carrying forward the £30,000 set aside for the development of the CDFI
 - carrying forward the £19,950 underspend for the Customer Service Survey to allow it to complete early in 2014/15
 - supporting a request for funding from The Action Group for an additional Support Worker for the Real Jobs Falkirk project, which would increase their allocation from £90,000 last year to £118,378 this year.
- 7.11 Detailed budget proposals for 2014/15 are set out in Appendix 2.

8. CONCLUSIONS

- 8.1 Since approving the Poverty Strategy in 2012, the context within which the strategy will be delivered has changed with Welfare Reform changes being implemented. It is important that while we focus on those most vulnerable and disadvantaged including those impacted on by Welfare Reform, we need to continue to understand the impact of poverty on our communities including those in work, children, and people with a disability including mental health problems. etc.
- 8.2 On this basis we will over the coming months review the strategy to ensure its continued relevance. In addition we will re-establish the partners group charged with ensuring this strategy is taken forward by all partners.

- 8.3 We will also continue to develop our approach to mitigating the impacts of welfare reform through support, advice and employment. We will continue to develop a more joined up approach to financial inclusion and capability.

9. RECOMMENDATIONS

It is recommended that Members:

- 9.1 **Note the update provided in the report of what the Council is doing to mitigate the impact of Welfare Reform on people and services.**
- 9.2 **Confirm the continued support with regards the statement on non-eviction for tenants affected by under occupancy restrictions as described in section 3.3.**
- 9.3 **Agree to the approach suggested at Paragraph 6.8 with regards to those affected by the establishment of the Single Fraud Investigation Service.**
- 9.4 **Note the imminent decisions expected from Scottish Government / DWP that are needed to enable us to utilise the DHP budget and to implement a scheme, as appropriate, for the mitigation of Size Criteria for 2014/15.**
- 9.5 **Consider the use of the Fairer Falkirk Fund as described in section 7; and**
- 9.6 **Officers report back to the Executive later this year following a review of the poverty strategy and its current focus.**

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DIRECTOR OF CORPORATE & NEIGHBOURHOOD

Date: 30 April 2014

Ref: ABB0514LG

Contact Name: Linda Gilliland – Ext: 6028

LIST OF BACKGROUND PAPERS

Nil

Appendix 1 - Effect of Welfare Reform Scorecard - Headline Indicators

	Indicator		Baseline - 2012/2013	Q4	Q1	Q2	Q3	Q4	Total 01.04.13 to 31.03.14
			01.04.12 to 31.03.13	01.01.13 to 31.03.13	01.04.13 to 30.06.13	01.07.13 to 30.09.13	01.10.13 to 31.12.13	01.01.14 to 31.03.14	
D W P	1	Number of DWP sanctions resulting in adverse decisions	2,120	440	430	468			898
	2	Number of people claiming Personal Independence Payments	Not available until 2014						
		Number of people claiming Disability Living Allowance	10,630 (Feb '13)		10,640 (May'13)	10,610 (Aug'13)			10,610 (Aug'13)
A d v i c e a n d S u p p o r t	3	Number of benefit appeals supported by Falkirk Council	515	202	197	185	153	89	624
		Percentage of successful appeals	77%	77%	77%	70%	69%	64%	70% (average)
	4	Number of visits to the Salvation Army soup kitchen (Falkirk)	10,682	2,889	3,228	3,663	2,725	2954	12,570
	5	Value paid out via Section 12 and Section 22 payments	Not available		£6,155	£10,725	£8,529	£6,896	£32,305
	6	Number of SWF Crisis Grants applications			771	931	1,134	1373	4209
		Number of SWF Crisis Grants awarded			395	377	587	837	2196
		Amount of SWF Crisis Grants awarded			£22,216	£35,923	£45,032	£54,446	£157,617
	7	Number of people seeking debt advice (Falkirk Council + 3CABx)	1,160	307	299	252	273	333	1,157
		Total amount of debt (Falkirk Council + 3CABx)	£36,077,227.28	£7,234,450.38	£8,324,923.97	£7,825,872.77	£8,135,792.35	£6,877,790.34	£31,164,379.43
	8	Number of mortgage to rent applications	N/A	3	3	8	3	7	21
H o u s i n g a n d R e n t	9	Number of cases of rent arrears among Council tenants where arrears are due to Welfare Reform e.g. "bedroom tax", benefits cap (cumulative figure)			1,679	2,019 (2,016 size criteria and 1 benefit cap)	1,951 (1,944 size criteria & 7 benefit cap)	2,004 (1,999 size criteria & 5 benefit cap)	2,004 (1,999 size criteria & 5 benefit cap)
	10	Number of people presenting as homeless under the Homeless Persons Legislation due to rent arrears	49	10	16	12	13	2	43
	11	Number of people seeking housing advice from Falkirk Council in relation to rent arrears (under occupancy/benefits cap)	11	3	6	12	7	12	37
	12	Number of DHP applications received	150	24	461	214	510	870	2055
		Number of DHP applications approved	100	34	275	154	384	663	1476
		Amount of DHP awards committed	£47,017.45	£16,297.48	£117,977.50	£60,692.66	£119,149.54	£150,160.98	£447,980.68

Appendix 2

Fairer Falkirk Fund Budget Outturn 2013-14

INITIATIVE	Proposed March 2013	Revised 2013-14	Actual Spend	Actual Balance
AXIS	33,724	33,724	33,724	0
Real Jobs Falkirk	90,000	90,000	90,000	0
Macmillan Money Matters	50,000	50,000	50,000	0
Sport 4 Youth	38,637	38,637	38,637	0
Positive Transitions	150,000	150,000	150,000	0
CAB (financial inclusion)	162,967	162,967	162,964	3
CU & F I Dev Officer/ Admin	44,416	20,716	20,448	268
Community Advice Service	157,889	157,889	157,889	0
Community Engagement	8,070	1,700	1,792	-92
ETU	750,000	750,000	750,000	0
DH Payment Top Up	35,000	35,000	35,000	0
Project/Change Manager	55,000	23,000	22,078	922
Financial Cap/Development Officer	35,000	4,500	4,024	476
Scottish Welfare Face to Face Service	130,000	146,097	131,097	15,000
Denny CAB	0	5,000	5,000	0
Welfare Reform/Financial Inclusion & Capability	100,000	100,686	100,631	55
CDFI	0	30,000	0	30,000
Customer Survey – Hard to Reach	0	30,600	11,050	19,550
Totals	1,840,703	1,830,516	1,764,334	66,182

Fairer Falkirk Fund Proposed Budget 2014-15

	Overall Allocation 2014-15 (£)
AXIS Barnardos	33,724
Real Jobs Falkirk	118,378
MacMillan Money Matters	50,000
Sport 4 Youth	38,640
Financial Inclusion (CAB)	162,967
Credit Union Development Officer and Admin Support & costs	46,000
Community Advice	160,031
ETU – various projects	750,000
Positive Transitions	150,000
Welfare Reform Project Manager	40,000
Financial Capability Development Officer	29,000
Scottish Welfare Fund Face to Face service	153,510
Community Development Finance Initiative underspend from 2013-14	30,000
Customer Survey – “Hard to Reach” underspend from 2013-14	19,550
Community Engagement Admin	4,050
Total Planned Expenditure	1,785,850
Total Budget	1,790,060