

**FALKIRK COUNCIL**

**Subject: WELFARE REFORM UPDATE**  
**Meeting: EXECUTIVE**  
**Date: 19<sup>th</sup> MAY 2015**  
**Author: DIRECTOR OF CORPORATE & NEIGHBOURHOOD SERVICES**

**1. INTRODUCTION**

- 1.1 This report provides Members with an update on the Welfare Reform changes and what is being done to support people affected by these changes. It includes an update on Universal Credit, the use of Discretionary Housing Payments and Personal Independence Payments.
- 1.2 Once all the changes are rolled out, the impact of Welfare Reform on the Falkirk Council area is estimated to be £46m per year. It is generally accepted that approximately 40% of the impact of the Welfare Reform changes has been delivered so far, with the biggest impact expected to happen in 2015/16.

**2. UNIVERSAL CREDIT**

- 2.1 The Department of Work and Pensions (DWP) will introduce Universal Credit to the Falkirk Council area as part of the second tranche of their national roll out. From 25<sup>th</sup> May 2015 new single claimants who would previously have claimed Job Seekers Allowance will be eligible to claim Universal Credit. There are a number of criteria that exclude claimants from claiming Universal Credit, most notably those who have dependent children, are residing in temporary accommodation, own their own home or are self employed. These claimants would then claim Job Seekers Allowance. Roll out to more complex claims is not expected until at least May 2016.
- 2.2 Universal Credit aims to make work pay, with take home pay being topped up by Universal Credit payments such that a claimant is better off for every additional hour they work. It should make it easier for individuals to take up work, particularly short term or irregular work as their claim will remain open for 6 months, making it easier to restart the benefit payments should the work come to an end.
- 2.3 Key implications for an individual claiming Universal Credit are that their benefit will be paid monthly and will include an element for housing costs which they are expected to pay to their landlord.
- 2.4 The Department of Work and Pensions (DWP) estimate that they expect to receive 1458 Universal Credit claims at Falkirk and Grangemouth Job Centres between 25<sup>th</sup> May 2015 and 31<sup>st</sup> March 2016.

- 2.5 Claimants residing in postcodes that are shared with West Lothian Council will not be eligible to claim Universal Credit until it is launched across West Lothian, sometime between September and November 2015. This applies to FK1 2\*\*, EH49 6\*\* and EH49 7\*\* postcodes.

***Support Required by Department of Work and Pensions***

- 2.6 The Department of Work and Pensions (DWP) would like Falkirk Council to partner with them to support the roll out of Universal Credit. They are looking for support in a number of areas and are willing to provide some funding towards the cost of providing support. Provision of this support would be detailed as part of a Delivery Partnership Agreement between DWP and Falkirk Council which would be signed by the Chief Executive on behalf of the Council.
- 2.7 DWP are looking for Councils to provide support in the following areas:
- Manual Processing for Local Council Tax Reduction Scheme (until October 2015)
  - Supporting the DWP Universal Credit Service Centre staff around housing cost issues
  - Supporting claimants to make an online claim for Universal Credit
  - Provision of Personal Budgeting Support to claimants
- 2.8 As part of the Delivery Partnership Agreement, DWP will provide funding to Falkirk Council to cover the costs of the support provided. Funding will be provided on the basis of the additional resources required to provide support. An hourly rate will be agreed for each type of support and DWP will pay for resources as follows:
- Provision of online supported access to 5% of claimants at one hour per claim
  - Provision of straightforward budgeting advice to 3.75% of claimants at two hours per claim
  - Provision of complex budgeting advice to 1.25% of claimants at six hours per claim
  - Manual processing for Local Council Tax Reduction Scheme for 20% of claimants at one hour per claim
  - Support for Universal Credit Service Centre for 20% of claimants at one hour per claim
- 2.9 DWP have confirmed that they will pay for support based on the estimated figures that they have provided. If take up of support exceeds these figures they will revisit the amount of funding that will be provided. If take up of support is lower than the estimated figures, funding will not be clawed back from the local authority.
- 2.10 In addition to the funding for the specific support detailed above, DWP are willing to provide some funding towards management resources involved in overseeing support and reporting. Discussion with other councils indicate that DWP are willing to cover management time of approximately 0.5 FTE for 6 months followed by 0.31 FTE for a further 4 months.

- 2.11 DWP have also indicated that they are willing to provide up to £5k of funding for one off costs incurred in supporting the roll out of Universal Credit, against proof of expenditure, for example costs associated with producing materials such as information leaflets to support customers and/or pre-printed envelopes for customers to submit proofs to the DWP Service Centre.
- 2.12 Whilst discussions are underway to agree the hourly rates and confirm the amount of funding available from DWP in return for provision of support, it is estimated that Falkirk Council will receive approximately £52,000 in return for providing support to DWP.
- 2.13 COSLA are not aware of any Councils where Universal Credit has been introduced which have not entered into a Delivery Partnership Agreement with the DWP; however it is uncertain how much the agreements vary between different councils.
- 2.14 Experience from other areas that have gone live with Universal Credit suggests that the number of claimants is likely to be lower than estimated. Additionally take up of support for personal budgeting and online claims are also likely to be lower than estimated.

***Proposal for Delivery of Online Support***

- 2.15 Currently both Community Learning and Development (CLD) and the Community Trust Library Service provide drop in supported computer access. Drop in access is provided by CLD's Work Clubs with support available from tutors and volunteers. Within the Library Service access to computers is provided on a drop in basis with support provided by library staff. Anecdotal evidence from the library service suggests that at least 70% of computer use relates to job seekers completing JSA applications or using Universal Job Match.
- 2.16 Additionally both CLD and library services offer classes on basic IT skills; CLD via their Fast Track provision, accessible by referral, and Libraries through more informal classes. However it is thought that the demographic who will initially require support to make a claim for Universal Credit are unlikely to choose to access support in this format.
- 2.17 It is proposed that support for online Universal Credit applications is made available on the same basis via both Community Learning and Development and the Library Service.

***Proposal for Delivery of Personal Budgeting Support***

- 2.18 Within Falkirk Council elements of money advice are delivered within a number of services including Housing, Social Work and Education. At present no service specifically provides one to one budgeting support as a stand alone service.
- 2.19 The number of people expected to take up personal budgeting support is very low. Based on take up rates from other areas, between 14 and 29 Universal Credit claimants are likely to take up personal budgeting support between 25<sup>th</sup> May 2015 and 31<sup>st</sup> March 2016.

- 2.20 As an interim solution it is proposed that personal budgeting support is provided by debt advisors within Community Advice Services. This team have the skills and expertise to provide the support required and have been involved in briefing other services on money advice.

It is likely that some of the Universal Credit claimants who take up Personal Budgeting Support would benefit from further support around debt or welfare benefits advice and this solution allows staff to encourage claimants to take up that additional support.

### ***Training on Universal Credit***

- 2.21 Work is underway across the Council staff and partner organisations, in partnership with DWP, to look at training requirements associated with the roll out of Universal Credit. Training requirements have been split into the following categories:

- General awareness training – applicable to staff across the Council and partners who come into contact with customers who might be eligible for universal credit. Investigations are underway to see if it is possible to adopt an e-learning package currently being developed by another Scottish Council. Additionally it is proposed that a small number of face to face general awareness sessions will be offered.
- Technical training on benefit claim procedures for Universal Credit, Council Tax Reduction and Housing Benefit – applicable for Finance and Income Maximisation staff
- Online application process – applicable to staff providing support to those making an online application

### ***Universal Credit Waiting Period***

- 2.22 Universal Credit is paid monthly in arrears. The first payment is made approximately 7 days after the end of the first assessment period, meaning that applicants have to wait around 1 month and 7 days from date of application to receiving first payment.
- 2.23 In addition to the above, it is proposed that there will be a 7 day waiting time at the start of an application for Universal Credit before the individual is eligible for any benefit. This was due to be introduced in April 2015, however it was recently announced that the introduction of the waiting period has been delayed until 1<sup>st</sup> July 2015.
- 2.24 Once introduced the waiting period will increase the period of time from application to receipt of first payment to 1 month and 14 days, at which point the claimant will receive a payment of 1 months benefit. The 7 day waiting time is in line with the waiting time for JSA and ESA which was increased from 3 days to 7 days on 27<sup>th</sup> October 2014. However unlike JSA and ESA, the Universal Credit waiting time will include the proportion of benefit that relates to housing and child costs.
- 2.25 This is likely to have significant implications on an individual's ability to manage their money, to buy food, electricity and gas and to pay their rent. Individuals can apply to the DWP for a budgeting advance however these are restricted to those on the lowest income and with the ability to pay back the loan. This is therefore likely to impact on rent collection and to increase demand for Scottish Welfare Fund Crisis Grants and social work Section 12 and 22 payments.

### 3. DISCRETIONARY HOUSING PAYMENTS

#### *2014/2015 Funding*

- 3.1 The Department of Work and Pensions (DWP) and Scottish Government (SG) provided funding to Falkirk Council in 2014/2015 of £1,213,695 with a further reserve being held back until May 2015 when Local Authorities can apply to the SG for reimbursement.
- 3.2 Scottish Government provided the additional funding to enable Local Authorities to mitigate the impact of the Size Criteria restrictions for social sector tenants. The Housing Benefit loss for Council tenants and RSL tenants was £1.345m.
- 3.3 The spend as at 31<sup>st</sup> March 2015 2015 was -.

Size Criteria	£1,278,924.64 – 96% of the spend
Non Size Criteria	£56,349.68 – 4% of the spend
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Total	£1,335,274.32
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- 3.4 This means that as at 31<sup>st</sup> March 2015, the budget was overspent by £121,579.32.
- 3.5 Through a concentrated and resource intensive targeted DHP take up campaign, 95% mitigation of Size Criteria has been achieved for those council and RSL tenants who demonstrated intent to claim by the end of March.

#### *2015/2016 Funding*

- 3.6 Scottish Government has confirmed the additional funding they will provide for DHP by adding an additional £35m to the £13.3m already allocated by DWP for 2015/2016. Similar to the situation in 2014/2015, Scottish Government have allocated 80% of the estimated need and following the publication of the DWP statistics in May 2016, Scottish Government will make further payments to each Local Authority to ensure they receive the funding needed to cover their spending for 2015/2016 with a clear message that “bedroom tax” is to be fully mitigated.
- 3.7 Falkirk Council’s funding is as follows:-
- |                  |            |
|------------------|------------|
| DWP contribution | £ 257,649  |
| SG contribution  | £ 927,145  |
|                  | -----      |
| Total            | £1,184,794 |
|                  | =====      |
- 3.8 The team have processed 2629 DHP awards for 2015/2016 (including 2014/15 claims ‘rolled forward’) totalling £1,281,615.87.
- 3.9 This puts Falkirk Council in the same position as 2014/2015 where more than the allocated budget has already been committed but this can be claimed back in May 2016.

### ***Non-Size criteria cases***

- 3.10 Falkirk Council is continuing to assess claims from tenants who are not affected by Size Criteria and applying the financial test in line with the current policy. These cases are paid in “exceptional” circumstances and only for short periods, i.e. 26 weeks maximum in one financial year.
- 3.11 It is worth noting that a recent Court Judgement regarding an appeal against the inclusion of Disability related benefits in the assessment of income was successful. The policy will therefore need to be reviewed in line with that decision.

## **4. PERSONAL INDEPENDENCE PAYMENTS**

- 4.1 The roll out of Personal Independence Payments (PIP) was extended in the FK post code area from 30<sup>th</sup> March 2015 to existing Disability Living Allowance (DLA) claimants who are being reassessed including:
- those with fixed period DLA awards coming up for renewal;
  - children who turn 16 years old on or after 7 October 2013 (unless they have been awarded DLA under the Special Rules for terminally ill people);
  - those where there is a report of a change in the DLA claimant’s health condition or disability;
  - existing DLA claimants aged 16 to 64 who wish to make a PIP claim.
- 4.2 This introduction of PIP for DLA reassessments was previously rolled out to EH postcodes including those in the Falkirk Council area in January 2014. Existing DLA claimants with long term awards will be invited to apply for PIP from October 2015 with the aim of completing the transfer of all working age DLA claimants to PIP by late 2017.

## **5. RECOMMENDATIONS**

**It is recommended that the Executive:**

- 5.1 **In relation to the roll out of Universal Credit:**
- **Agree that the Council should enter into a Delivery Partnership Agreement with the Department of Work and Pensions in support of the roll out of Universal Credit; and**
  - **Consider the need for a Member specific awareness session on Universal Credit.**
- 5.2 **In relation to Discretionary Housing Payments:**
- **Agree that the policy will need to be reviewed in respect of Disability Benefits not being included as income in the non-size criteria cases where a financial assessment is carried out.**

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**DIRECTOR OF CORPORATE & NEIGHBOURHOOD SERVICES**

Date: 31 April 2015

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## LIST OF BACKGROUND PAPERS

1. [http://www.scottish.parliament.uk/S4\\_Welfare\\_Reform\\_Committee/Reports/wrR-14-05w.pdf](http://www.scottish.parliament.uk/S4_Welfare_Reform_Committee/Reports/wrR-14-05w.pdf)