

ABERDEEN CITY COUNCIL

COMMITTEE	Housing & Environment
DATE	20 May 2014
DIRECTOR	Pete Leonard
TITLE OF REPORT	Welfare Reform and Financial Inclusion Update
REPORT NUMBER:	H&E/14/035
CHECKLIST RECEIVED	Yes

1. PURPOSE OF REPORT

1.1. To update members on actions taken since the report to Council on 21 August 2013 and on developments with the Welfare Reform agenda.

2. RECOMMENDATION(S)

2.1. It is recommended that Committee note progress made and the on-going actions.

3. FINANCIAL IMPLICATIONS

3.1. There are substantial financial implications for Aberdeen City Council and its citizens in relation to Welfare Reform and this is reflected through the contingencies that have been set aside within the 2014 – 2015 budget.

3.2. Contained within the 2014 – 2015 budget is a contingency of £1 million to offset any in-year cost pressures that will occur. There is also a risk fund contained within the 2014 –2015 budget which can also be accessed if required during the year

3.3. The risk fund has been set up to reflect any in-year cost pressures that may occur and Welfare Reform will clearly fall into that category. For example, there have already been identified cost pressures around the loss of benefit income for Homelessness.

3.4. The increase in numbers of people experiencing hardship could lead to increased demand for service across the Council and also partner and advice agencies. As is the increase in those who might be excluded from welfare such as migrants.

3.5. There is a risk to Council income, particularly in relation to rent arrears, changes to subsidy levels for temporary accommodation and service charges. Known risks include:

- Loss of rental income to Housing Revenue Account (HRA) arising from Housing Benefit Under occupancy reforms and Direct Payment under Universal Credit.
- Scottish Welfare Fund and Discretionary Housing Payment budgets will be insufficient to meet demand in the long term.
- The spend on Council Tax Reduction Scheme exceeds the available funding.
- Reduced DWP Administration Subsidy due to the abolition of Council Tax Benefit.
- Reduced DWP Administration Subsidy due to the phasing out of Housing Benefit.
- Reduced DWP Administration Funding due to Central Government budget savings.
- Increased demand on advice and advocacy both for the Council and Third sector advice agencies.

3.6. The Scottish Government has advised of the measures they are taking “to mitigate the reduction in any spare room subsidy in 2014/15”.

3.7. The Scottish Government has committed £35 million to mitigate the reduction in any spare room subsidy in 2014/15. This is in addition to the £15.2 million allocated by the Department for Work and Pensions (DWP) for Discretionary Housing Payments (DHPs) and brings the total available to the estimated £50 million required to mitigate the effects of the reduction to any spare room subsidy in Scotland. This money is being made available to social landlords through DHPs (which are capped) and, if necessary, through a new scheme.

3.8. The recent Housing Benefit and Universal Credit (Supported accommodation) (Amendment) Regulations 2014 (applicable from 10 April 2014) should reduce the risks in relation to access to housing benefit in hostel accommodation.

4. OTHER IMPLICATIONS

4.1. Welfare reform has an impact on most directorates in relation to literacy/numeracy, demand for childcare services, passported benefits, Adult Learning/Lifelong Learning, Family Learning, Health & Wellbeing, Centre based activities, Youth Employment Activity Plan, rent income/arrears, housing support, regeneration, opportunities in environment services, money advice, procurement, council tax, finance, social work client groups, Economic/Business Development, Youth Employment Strategy, Local Employability Training Provider Forum, work programmes volunteering/work placement/employment opportunities, community planning.

5. BACKGROUND/MAIN ISSUES

5.1. Background

5.1.1. The Welfare Reform Act completed its passage through the UK Parliament in March 2012 and received royal ascent on 5th March 2012. This legislation brought about the most fundamental reform to the social security system. Its primary purpose is aimed at delivering a system that is simpler, fairer and ensuring that “work always pays”. The stated aims of Welfare Reform are to:

- Simplify what has become an overly complex benefit system
- Make the benefit system fair for recipients and tax payers.
- Ensure that individuals always benefit financially by moving off benefits and into work.

5.2. Universal Credit and Local Support Services Framework

5.2.1. This new benefit replaces others including working tax credit, child tax credit, Housing Benefit, income support, income based job seekers allowance and income related employment and support allowance (ESA). Total benefits to a household will be capped at £26,000 per year. Universal Credit will be paid as a single benefit one month in arrears in a single monthly payment with recipients being financially responsible for making payments, e.g. rent, that may be due.

5.2.2. Currently Housing Benefit for claimants administered by the Council and Housing Benefit for the majority of social housing tenants is paid directly to the landlord. Under Universal Credit this amount will be paid to the tenant whose responsibility it will be to pay the rent unless there are exceptional circumstances. Guidance will be given clarifying the circumstances where alternatives to payments to the claimant are possible.

5.2.3. The Department for Work & Pensions’ revised plans for rollout of Universal Credit were confirmed in a written ministerial statement on 5 December 2013. The DWP advised that the number of Jobcentres involved would be expanded slowly, and that the six Jobcentres originally identified as pilots, including Inverness, would be “live” by spring 2014. COSLA and the Scottish Government have committed to facilitate learning events where other councils can receive information on the progress in Inverness in order to support local planning. The Council will play an active role in this engagement however there is no indication as to when Jobcentres in Aberdeen are likely to begin taking claims for Universal Credit. Further roll out is not

expected prior to April 2015, possibly 2016.

- 5.2.4. From October 2013, the national roll-out expanded from the Pathfinder areas to six hub jobcentres - Hammersmith, Rugby, Inverness, Harrogate, Bath and Shotton. These jobcentres are taking new claims to the benefit from single people who have no housing costs. Claims from couples (summer 2014) and families (autumn 2014) will follow.
- 5.2.5. As a consequence of the slowdown in rolling out Universal Credit councils will continue to administer Housing Benefit for considerably longer than was previously understood. The level of Housing Benefit administration subsidy provided by DWP therefore takes on greater importance.
- 5.2.6. Operationally, it is now clear that more claimants have been subject to sanctions under the revised regimes which leaves them without benefits for periods of time, increases their debts and their dependence on Foodbanks. The regime continues to get tougher with the introduction of the "claimant commitment" and further conditions such as having to have an email address, a CV and registered on Job Match before being able to sign on.
- 5.2.7. New conditions are being introduced in relation to migrants which could leave them without housing benefit if they fail to meet conditions for the benefits.
- 5.2.8. These last two paragraphs could lead to further rent arrears and potentially more homelessness applications.
- 5.2.9. The DWP has published a draft Local Service Support Framework which covered issues such as frequency of payments, direct payments, assistance with digital access. Discussions on this are being had with the local government associations including COSLA.
- 5.2.10. The Local Service Support Framework recognises that some people will need extra support, including while they transition from the current benefit system to UC. In particular, some claimants will require support with:
 - Triage and explaining the new services, particularly while they are being introduced in incremental stages;
 - Assistance with making claims online and managing their UC account online;
 - Advice to help them manage their money under UC's monthly payment arrangements and ensure that rent and cash flow is well managed.

5.3. Personal Independence Payment (PIP)

- 5.3.1. Personal Independence Payment (PIP) will replace Disability Living Allowance (DLA) for new claimants aged 16 to 64. PIP includes an assessment of individual needs and regular reviews.
- 5.3.2. In October 2013 the DWP invited existing Disability Living Allowance claimants living in Wales, East Midlands and East Anglia to claim Personal Independence Payments in certain circumstances. On the 13 January 2014 this was extended to include Dumfries and Galloway, Edinburgh, Galashiels and Motherwell.
- 5.3.3. It is anticipated that these changes will impact on Council services, in particular in advice services, as customers look for assistance in applying for PIP and/or appealing against decisions. The extent of any increased demand is unknown.

5.4. Welfare Matters Hub & Satellites

- 5.4.1. The Welfare Matters hub and satellite project overseen by the Welfare Reform Programme Board aims to bring together a range of services to ensure that people affected by welfare reforms have access to information and support to mitigate the effects of those reforms.
- 5.4.2. Although the implementation timetable for Universal Credit has been put back, there are a number of changes which have been and are being implemented which underpin the culture changes that the reforms are expected to deliver. These include for example, the implementation of the Claimant Commitment, an agreement between claimants and their advisers that sets out expectations in respect of job search or work related activities; new conditionality is being implemented from the end of April for lone parents when their youngest child reaches the age of three and from June, new limitations for migrant workers and their ability to claim benefits, including housing benefit.
- 5.4.3. The aim is to ensure that the issues people face can be identified and addressed in a coherent way, bringing together a range of services delivered both by Aberdeen City Council and external partners and providers. This will improve the client journey, reduce the need for people to continually retell their stories and improve the efficiency and effectiveness of service delivery.
- 5.4.4. The project is based on a model with the Hub based in the Jobcentre at Ebury House with community based satellites in,

initially, priority regeneration areas to deliver community based access to support and services.

- 5.4.5. The project is not about building additional resources and structures, but aims to support and encourage services and providers to deliver their services differently in providing more joined up support for people and delivering efficiencies to their own services.

5.5. Welfare Matters Hub:

- 5.5.1. The Hub has been established on the 3rd floor at Ebury House with an informal layout and meeting rooms available for participating services to use with clients and groups. The services with a presence at this time include a range of organisations offering a broad range of employability, benefits and financial inclusion services to a range of clients.

- 5.5.2. In line with the nature of the labour market in Aberdeen, the focus is on clients facing a range of barriers and more complex needs and although there is a focus on employment as an aim, the work involves helping people tackle a range of social justice issues. There is an increasing need to ensure people are supported through a case management approach rather than relying on signposting clients – people need help to develop the skills and confidence to address the issues and barriers they face.

- 5.5.3. The current list of services is at Annex 1.

5.6. Welfare Matters Satellites:

- 5.6.1. The development of the first community based satellite service is underway at Tillydrone with the satellite based in the former payment office within the housing office in Tillydrone. The satellite service aims to provide more accessible, community based services, supporting both individuals as well as community groups. Work has shown that increasingly, community and other projects are facing demands to help people respond to welfare changes and the community based satellite will help front line staff in other projects to concentrate on their core roles. This will help ensure consistent up to date welfare reform information is provided for clients.

- 5.6.2. A smaller range of services will be provided at the satellite in the first instance, with part time operation until demand and resources are established. Once operational, the model will be extended to other areas including Torry and Northfield.

5.7. Project Impacts:

- 5.7.1. The Welfare Matters Satellite Project does not fund any of the services and providers which participate, with each service having their own funding agreements and reporting arrangements in place. Discussions are underway in the context of the refreshed Aberdeen Works strategy to consider the role of a management information system to enable more robust tracking of client tracking and progress through hub and satellite support, while minimising the administrative burden on participating services and organisations.
- 5.7.2. Until this is in place, there is a reliance on more informal quantitative information, which indicates that at this stage approximately 100 clients are being seen each week by services within the hub and satellite – a mix of new referrals and existing clients working to address their needs. This number will increase as further group sessions are implemented and further welfare reforms begin to take effect.
- 5.7.3. Marketing at this stage has largely been through word of mouth but materials are in planning and events to promote the satellite in Tillydrone will take place before summer.
- 5.7.4. Other impacts which have been evident include increased cross referrals between services as a result of developing better knowledge following co-location, better links between welfare and benefits staff and jobcentre advisers, to better resolve issues and support clients and progress with case conferencing clients who are engaged with multiple services.

5.8. Priorities:

- 5.8.1. Current priorities are the continued development and operation of services within the hub, establishing the operation of the satellite in Tillydrone and then rolling this out in further areas in the city.
- 5.8.2. In support of this, work has begun with partners to develop a collaborative triage approach to further improve the client journey through support services, a bid to the Scottish Government Welfare Reform Resilience Fund is in development, joint development work with the Employability Providers Forum on a Big Lottery application, planning for a community event in Tillydrone at the end of April for services, projects a partners to update on welfare reforms and work to develop an approach to mitigate the impacts of the changes for migrant workers with housing colleagues.

5.9. Money Advice Teams

- 5.9.1. A review of the Welfare Rights, Money Advice & Benefits Advice teams is nearly complete and it is anticipated that a new structure will be implemented over the next six months. This includes additional Money Advice Assistants.
- 5.9.2. A number of local agencies have received additional funding from the Big Lottery and the Scottish Legal Aid Board Making Advice Work and these include Aberdeen Foyer, Aberdeen Cyrenians, Grampian Housing Association and Cash In Your Pocket.
- 5.9.3. Additional budgeting, money advice and support services will be available for local people.

5.10. Food Banks Partnership Aberdeen

- 5.10.1. The partnership has been established and is funded by the Fairer Aberdeen Fund.

5.11. Discretionary Housing Payments

- 5.11.1. Discretionary Housing Payments (DHP) provides Council and Private Sector Tenants financial assistance with housing costs in addition to Housing Benefit. Local Authorities may increase the DWP amount by up to 2.5 times the DWP allocation from within the local authorities existing finances.
- 5.11.2. In 2013/14 Aberdeen City Council was initially allocated £226,785, this was later revised in July to £299,125 and after a successful bid for a further £70,000 in February 2014 meant that the total DWP funding for 2013/14 was £369,125. The Scottish Government provided funding of £444,174 and £109,514 was provided by Aberdeen City Council on 24 March 2014. Due to the late change in legislation and notification by DWP (24 March 2014) that the 2.5 top up could include the £70,000 bid money, processing time for applications only allowed for £74,447.99 to be awarded from the money provided by Aberdeen City Council or 2014/15 funding of £308,438 has been awarded from DWP and indications are that £462,657 will be awarded from the Scottish Government however, this figure has not been finalised.

Applications/Spend for 2013/14

Number of claims received	1788
Number of claims awarded	1288
Number of claims failed to qualify	193

Number of claims low priority/non-awards	303
Number of claims withdrawn	4
Funding	
DWP	£369,125
Scottish Government	£444,174
Aberdeen City	£109,514
Total Funding	£922,813
Total spend	£888,746.99

5.12. Scottish Welfare Fund

5.12.1. The Scottish Welfare Fund, established in April 2013 is a national scheme run by local authorities based on guidance from Scottish Ministers. The objectives of the scheme are to:

- Provide a safety net in a disaster or emergency
- Enable independent living or continued independent living preventing the need for institutional care.

5.12.2. There are two types of grants – Crisis Grants and Community Care Grants

5.12.3. Nationally the scheme got off to a slow start and this was the case for Aberdeen. In light of experience of running the Scottish Welfare Fund the guidance was amended by Scottish Government in October. The main changes being to expand the families under exceptional pressure criteria to include families who do not have children, to make Community Care Grant awards for applicants not on a qualifying benefit, allowing grants to be made to people on contributory benefits, on low incomes and those who are in and out of work. These changes made a significant impact on the spend and awards made in the second half of the year.

5.12.4. For 2013/14 Aberdeen City Council was allocated £540,786 for Community Care Grants and £359,055 for Crisis Grants a total allocation from Scottish Government of £899,841. Monies can be vired between either Grant allocations.

5.12.5. For 2013/14 there were 4060 Crisis Grants paid out at an average award of £59.66. A total of £242,218.42 spent which is 67.5% against allocation. There were 997 Community Care Grants paid out at an average award of £556.06. A total of £554,395.96 spent which is 102.5% against allocation. This means that 88.5% of total allocation has been spent during the 2013/14 financial year. The under spend of £103,226.632 will be carried forward to 2014/15 financial year. However, on 31 March 2014 there were 227 successful Community Care Grants in various stages of award therefore £100k of the under spend is

committed towards these Grants.

5.12.6. The pilot with the Aberdeen Food bank Partnership commenced on 8 October 2013. Successful Crisis Grant clients are now offered a choice of food vouchers. A client who elects to receive a CFINE voucher will be able to redeem more goods for their award than from using alternative supermarket vouchers. To date 141 CFINE vouchers have been issued.

5.12.7. Unsuccessful applicants can be referred to CFINE or the Trussell Trust for a food parcel. To date 101 have been referred to CFINE and 143 to the Trussell Trust.

5.13. Employability

5.13.1. A strategy for Aberdeen Works is currently being drafted and links with Financial Inclusion will be explored.

5.14. Welfare Reform Project Board

5.14.1. The Welfare Reform Project Board was established by CMT and it has for managing and progressing the Community Planning Partnerships collective response to Welfare Reform. The Board has representation from all Directorates within the Council and from DWO, NHS, Police, Fire and the third sector. The Programme Management Office has taken a lead role in ensure the success of the group in managing the workstreams.

5.14.2. The Board has met regularly since the beginning of 2013 to develop and overseen a number of workstreams.

5.14.3. A review is being carried out in relation to the future management of Welfare Reform.

5.14.4. A Financial Inclusion strategy has been drafted and will finalised in the months ahead.

5.14.5. The Financial Inclusion Manager has now retired and consideration will be given to how this function is managed in future.

6. IMPACT

6.1. The report relates to the Single Outcome Agreement and the Council vision of Aberdeen – the Smarter City, in particular the strategic priority ‘Smarter Living (Quality of Life)’ where we challenge inequality and positively promote wellbeing building on cultural and physical activity.

6.2. The report has strong links to the Community Plan and our vision as a city to be an even better place to live and work, where people can expect high quality services to meet their needs.

6.3. The report also relates to the following National Outcome Measures:

- National Outcome 6 – “We live longer, healthier lives”
- National Outcome 9 – “A Safer and Stronger Scotland
- National Outcome 10 – “We live in well-designed, sustainable places where we are able to access the amenities and services we need”

6.4. Given the significant changes to the welfare benefit system and the immediate impact this will have on our citizens it is likely that this report will be of interest to the public.

7. MANAGEMENT OF RISK

This section must include an assessment of risks identified with the potential to impact negatively or positively on the decision required of the Committee. You should refer to the ‘Management of Risk’ Guidance (<http://thezone/nmsruntime/saveasdialog.asp?IID=27520&slD=4371>) in completing this section.

8. BACKGROUND PAPERS

9. REPORT AUTHOR DETAILS

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Annex 1 Hub and satellite services and providers

Aberdeen Foyer Job Parent Service – employability and case management support for clients with complex and multiple needs;

Aberdeen Recovery in the Community employability coaches – through Aberdeen Foyer and Drugs Actions, specific help for clients in recovery from drug addictions;

Remploy – employability support for people with disabilities and health conditions;

Cornerstone – employability support for people with disabilities and health conditions;

Shaw Trust - employability support for people with disabilities and health conditions;

Inspire - employability support for people with disabilities and health conditions;

Pathways – employability support for people with a range of barriers and support needs;

Bethany Christian Trust – employability support for homeless people;

Triple A – specialist support for people with autism;

North East Scotland Sensory Services – specialist support for people with sight loss, hearing loss and the deaf community;

Aberdeen Action on Disability – support in connection with applications for a range of benefits;

Aberdeen Money Matters – specialist budgeting advisors from Aberdeen City Council Financial Inclusion Team debt staff and Grampian Housing Association for council and RSL tenants.

Jobcentre Plus – an adviser sees clients each day and provides support and information to all providers.

Care Sector Academy – pre-employment support for clients considering opportunities within the care sector.

Further services which are currently developing their presence include:

Community Learning – support for ESoL (English as a second or other language); basic literacy, numeracy and digital skills;

Aberdeen Libraries – access to and support for digital skills;

Cash in Your Pocket - and assessment and case management approach for clients;

Addiction – support for people with drug and alcohol addictions.

NHS – a range of health services which can support clients from an employability and financial inclusion perspective, linking to a wide range of initiatives.

Aberdeen City Council – Financial Inclusion Team - welfare and benefits advice staff, developing links with Jobcentre and providers in support of addressing client needs