

ABERDEEN CITY COUNCIL

COMMITTEE	Council
DATE	23 rd August 2017
REPORT TITLE	Welfare Reform
REPORT NUMBER	CHI/17/198
DIRECTOR	Bernadette Marjoram C, H& I (Interim)
REPORT AUTHOR	Dave Kilgour, Inclusion and Welfare Manager

1. PURPOSE OF REPORT:-

- 1.1 At the Council meeting on 21 June 2017 members requested that a report on Welfare Reform be provided for this meeting.

2. RECOMMENDATION(S)

- 2.1 To note the update on Welfare Reform including the current position regarding Universal Credit and the Scottish Welfare Fund.
- 2.2 To note the information regarding the Social Security (Scotland) Bill being considered by the Scottish Parliament currently and that this will be monitored by officers and the Welfare Matters Programme Board with further reports on this and devolved social security powers being provided as appropriate for future committees.

3.1 BACKGROUND/ MAIN ISSUES

- 3.1.1 The Welfare Reform Act completed its passage through the UK Parliament in March 2012 and received royal assent on 5th March 2012. Its primary purpose is aimed at delivering a system that is simpler, fairer and ensuring that “work always pays”.
- 3.1.2 The main change relates to the introduction of Universal Credit which will provide a basic allowance/single payment with additional elements for children, disability, housing and caring that will support people both in and out of work replacing Working Tax Credit, Child Tax Credit, Housing Benefit, Income Support, income based Jobseekers allowance and income-related Employment and Support Allowance. In Aberdeen Universal Credit is “Live” currently and is being applied to a small number of new claimants. Universal Credit “Full Service” which will apply to all claimants will be rolled out from June 2018.

3.1.3 The Welfare Matters Programme Board was established by CMT in 2012 to mitigate and manage the impact of Welfare Reform changes. The Board is chaired by a Senior Council Officers and includes a wide range of Community Planning Partners from the public, community and voluntary sectors given the wide ranging implications of Welfare Reform.

3.1.4 Areas of work being considered by the Programme Board include:

- Universal Credit: A planned approach with partners and strategies for early intervention
- Co-location: A strategic look at where our 'Welfare Matters Access Points should be and the co-location of staff at these venues
- Communication Strategy: to include updated website, flyers, digital apps and events in communities
- Staff Training: For front line staff across the partnership to ensure consistent messages and a joined up approach is given to our customers
- Case Conferencing: For serious and complex cases a route in which these can be escalated
- Financial Inclusion: A review of how we spend our money and a costed plan to be presented as part of the 2018/19 budget setting process.
- Monitoring Stats: Monitoring key data to inform decision making including the Scottish Welfare Fund and Rent Arrears
- Continuous Learning through experiences from other Councils and organisations along with feedback from our customers and staff
- Implement Towards a Fairer Aberdeen that Prospers for All agreed by Finance, Policy and Resources Committee in March 2017).for those actions that directly relate to addressing welfare reform.

3.2 Universal Credit (UC)

3.2.1 Whilst it is very difficult to accurately predict what the impact of U.C Full Service will be on claimants and Housing Revenue Account, modelling work is currently being undertaken and will be reported to the Communities, Housing and Infrastructure Committee at a future date.

3.2.2 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. At end of July 2017 (22months into UC "live service") less than 2% of total Housing tenancies (c.400 properties) are subject to UC, increasing at an average rate of 5 new cases per week.

3.2.3 At the end of July 2017, average arrears across UC tenancies in Aberdeen is £616, versus £382 across mainstream tenancies, and 34% of our U.C. tenancies are more than 8 months in arrears as against 7% across our mainstream tenancies. 76% of our UC tenancies are in arrears versus 38% across all our mainstream tenancies, 30% of UC tenancies are more than 8 weeks in arrears versus 6% across all mainstream tenancies.

3.2.4. The following Councils have now gone Universal Credit Full Service: Highland, East Lothian, Midlothian, Stirling, East Dunbartonshire and Clackmannanshire. Highland and East Lothian Councils have been the

operating the longest and have feedback indicate a significant rise in rent arrears primarily linked to the minimum 6 week wait for beneficiaries' first U.C payment.

- 3.2.5 Under U.C, Housing Benefit will be paid to the tenant, whose responsibility it will be to pay the rent unless there are exceptional circumstances. In Aberdeen U.C is currently "Live" for a small number of beneficiaries, essentially single households. Universal Credit "Full Service" (F.S) will apply to all claimants being fully rolled out in the city by the DWP from June 2018.

3.3 Scottish Welfare Fund

- 3.3.1 The Scottish Welfare Fund provides a safety net for vulnerable people on low incomes through the provision of Community Care Grants and Crisis Grants. The Scottish Welfare Fund is a national scheme, underpinned by law and delivered on behalf of the Scottish Government by all local councils. The Scottish Welfare Fund replaced elements of the Social Fund abolished by the Department for Work and Pensions in 2013.

- 3.3.2 Crisis Grants made under the scheme aim to help people facing a disaster or emergency and applications have increased significantly since its inception. .

2015/2016	2016/17
7750	10328

- 3.3.3 At the same time demand is increasing the SWF award from the Scottish Government is decreasing. From 2018 distribution of grant levels will be applied using the SCG formula, based on the Income Domain of the Scottish Index of Multiple Deprivation 2016.

SWF award 2015/16	SWF award 2016/17	SWF award 2017/18
£920,600	£905,097	£894,479

- 3.3.4 It can be anticipated that from 2018/19 when U.C Full Service is fully rolled out there will likely be an increased demand for crisis grants. This will be monitored by officers and reported to Committee with proposals to address this if this materialises.

3.4 Social Security (Scotland) Bill

- 3.4.1 Social Security (Scotland) Bill (20th June 2017) sets out the principles and the powers relating to the 11 devolved benefit areas stemming from the Smith Commission.

- 3.4.2 The Scottish social security principles set out in the Bill are:—

(a) Social security is an investment in the people of Scotland,

(b) Social security is itself a human right and essential to the realisation of other human rights,

(c) Respect for the dignity of individuals is to be at the heart of the Scottish social security system,

(d) The Scottish Ministers have a role in ensuring that individuals are given what they are eligible to be given under the Scottish social security system,

(e) The Scottish Social Security System is to be designed with the people of Scotland on the basis of evidence,

(f) Opportunities are to be sought to continuously improve the Scottish social security system in ways which put the needs of those who require assistance first,

(g) The Scottish social security system is to be efficient and deliver value for money.

3.4.3 The devolved benefit areas are:

- Attendance Allowance
- Carer's Allowance
- Disability Living Allowance
- Personal Independence Payment
- Industrial Injuries Disablement Benefit
- Severe Disablement Allowance
- Cold weather Payment
- Funeral Payment
- Sure Start Maternity Grant (to be replaced by Best Start Grant)
- Winter Fuel Payment
- Discretionary Housing Payments

3.4.4 In addition, the Smith Commission agreed that Scottish Parliament should be given the power to make administrative changes to Universal Credit and to vary the housing cost element alongside powers for the Scottish Parliament to create new benefits in areas of devolved responsibility, and top up reserved ones.

3.4.5 Powers around Discretionary Housing payments are already transferred and operating.

3.4.6 The timescales for implementation of other areas will depend on the passing of the Bill and the establishment of a new Social Security Agency and that most of these devolved areas will be operational during 2018/19.

3.4.7 The Scottish Government intention is to have a new Central Social Security Agency which will employ around 1500 staff and to have a series of satellites bases throughout Scotland potentially co-located with existing public sector bodies. The Council Leader wrote to the Scottish Government earlier this year to make the case for Aberdeen being the host City for this new Agency, which would bring employment to the City.

- 3.4.8 The roll out and delivery of the Scottish Social Security Bill and the devolved powers once these are enacted will be monitored by officers and will be a standing item on the Welfare Matters Programme Board agenda and will be reported to Council committees as and when required.

4 FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial costs stemming from this report. Within the Housing Revenue Account for 2017/18 a sum of £2.85 M has been reserved for Welfare Reform.
- 4.2 The Scottish Governments required Annual Report 2017 to the Scottish Parliament following the Welfare Reform (Further Provision) (Scotland) Act 2012 includes analysis of the financial impact of welfare reform at Local Authority level.
- 4.3 In relation to the financial impact of welfare reform changes the report estimates that whilst Aberdeen, compared with other parts of Scotland, will be one of the least affected local authorities by 2020/21; the cumulative financial loss to households in the city will amount to £26M per annum amounting to a reduction per head of working age population of around £160 per person per year.

5 LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from the recommendations in this report

6. MANAGEMENT OF RISK

- 6.1 There is risk associated with the current increase in arrears associated Universal Credit and the potential increased risk when U.C. Full Service is introduced from June 2018. It is intended that Officers and partners will continue to work in partnership with the Welfare Matters Partnership Board to mitigate this risk.

7. IMPACT SECTION

7.1 Economy

- 7.1.1 As outlined by 2022 the estimated loss of income to households in the city is estimated by the Scottish Government to be 26M per annum, amounting to a reduction per head of working age population of around £160 per person per year.

7.2 People

- 7.2.1 Welfare Reform changes are affecting people in different ways. Universal Credit is designed to allow people to move in and out of work more easily and access benefit support when required.
- 7.2.2 The Welfare Reform (Further Provision) (Scotland) Act 2012 annual report for 2017 brings together evidence of the impact of welfare reform on income inequality, poverty and child poverty in the UK and the impact on equality groups, including the impacts on women and people with disabilities.
- 7.2.3 There is some evidence to suggest that women are disproportionately impacted by the UK government reforms to the social security system. The fact that lone parents are more reliant on many low income benefits is a big factor in this. However, the extent is difficult to assess because most benefits are paid for the household as a whole. The child element award within Tax Credit and UC entitlement calculations is to be limited to just 2 children, regardless of how many children are in the family
- 7.2.4 There have been large-scale reforms to disability and incapacity benefits which have affected disabled people. The reassessments from DLA to PIP resulted in a number of people receiving no award or a reduced award, whilst the introduction of a stricter test has meant that some people have lost their Motability entitlement. It should be noted, however, that 57% of those reassessed from DLA saw no change to their award, or had their award increased.
- 7.2.5 As an area goes live for Full Service delivery of UC, the automatic entitlement of its tenants to Housing Benefit and/or UC Housing Costs for 18-21 year olds is removed, placing young people at increased risk of homelessness

7.3 Place

- 7.3.1 Those parts of the city where there are people with lower incomes and high levels of unemployment are being more affected by welfare reform changes

7.4 Technology

- 7.4.1 The expectation that welfare claims need to be maintained on line provides challenges for citizens who may have limited new technology skills, literacy and numeracy issues and access to new technology itself.

8. BACKGROUND PAPERS

None

9. APPENDICES

None

10. REPORT AUTHOR DETAILS

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