

**REPORT TO:** Cabinet

**MEETING DATE:** 10 September 2013

**BY:** Depute Chief Executive (Resources and People Services)

**SUBJECT:** Welfare Reform Update

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## **1 PURPOSE**

- 1.1 To provide an update to Cabinet Members on the changes introduced as a consequence of the Welfare Reform Act (2012).
- 1.2 To develop an understanding of what these changes have meant for East Lothian households sustaining affordable tenancies or contending with other hardship.
- 1.3 To develop an understanding of what these changes have meant for a number of Council services and to highlight the measures the Council has taken to try to minimise potentially negative impacts of welfare reform in the community.

## **2 RECOMMENDATIONS**

Cabinet agrees to:

- 2.1 Continue to promote awareness and understanding of the impact of the welfare reform changes on East Lothian communities.
- 2.2 Take action to try and minimise any potential negative impacts of welfare reform by ensuring that Council service areas are optimally configured to continue to deliver high quality services to East Lothian residents.
- 2.3 Note the potential impact of welfare reform on individuals and families when taking decisions about service development and to consider as part of budget deliberations the potential impact of welfare reform on the Council's revenues and council house rental income.

## **3 BACKGROUND**

- 3.1 This report is the latest in a series of reports to Elected Members providing information on the UK Government's welfare reforms, the

consequential changes to Council Services and the likely impact on East Lothian residents.

- 3.2 Over the course of the last year the Welfare Reform Task Group has considered the service implications of the various welfare reforms and in response has produced a Welfare Reform action plan which is currently being implemented, (see 'Summary of Key Actions' within Appendix 1).
- 3.3 Recently a Welfare Reform Reference Group has been established with key partners. Members of this group include; Housing Associations, Health, East Lothian Tenants & Residents Panel, (ELTRP), DWP and Advice Agencies. Quarterly meetings of the group will provide the opportunity for welfare reform updates and information sharing.
- 3.4 On 9<sup>th</sup> May 2013 a meeting was held in the Scotland Office in order for David Mundell MP (Under Secretary of State for Scotland) to meet with Local Authorities to discuss the impact of the Welfare Reforms. This meeting was attended by the Council Leader, Chief Executive, Councillor Donald Grant and the Benefit Service Manager. Mr Mundell subsequently wrote to the Council highlighting extra DHP funding to support for claimants affected by under occupancy and expressed his intent to hold further meetings before the end of the year.

#### **Council Tax Reduction Scheme**

- 3.5 The introduction of the Scottish Government's Council Tax Reduction, (CTR) scheme as a replacement for Council Tax Benefit, (previously administered by the Council on behalf of the DWP) was successfully carried out in time for the issuing of 2013/14 Council Tax bills.
- 3.6 Whilst the legislative and funding framework for the new scheme is fundamentally different the similarities between the new scheme and the one it replaced ensured a smoother transition for Benefits Unit staff. The fact that Council Tax Benefit claimants saw little or no change financially in their CTR awards in 2013/14 has also meant that the overall change has had a low impact on East Lothian Council Tax Payers.
- 3.7 The major challenges in introducing the CTR scheme were largely technical ones. Consequently the main resource input was from the Revenues Systems Team and Benefits Performance Officer. The main costs associated with this change were software related.
- 3.8 Having initially paid out £38k from its own resources to ensure the software changes were implemented in time for annual billing the Council has since been re-reimbursed by the Scottish Government. Whilst it is understood that a similar figure will be due in respect of software licence costs for 2014/15 the Scottish Government is yet to confirm ongoing funding arrangements.
- 3.9 It is expected that the CTR scheme will not change for 2014/15 however this will require that the considerable gap between the transferred funding from the DWP and projected programme expenditure be filled by

the Scottish Government. It is possible that this will continue to have an effect on the Council's grant settlement, (as it did in 2013/14).

### **Scottish Welfare Fund**

- 3.10 Since 1<sup>st</sup> April 2013 the Benefit Unit has been administering Crisis Grants, (CGs) and Community Care Grants, (CCGs) as part of the Scottish Government's '2 year' interim Scottish Welfare Fund, (SWF) scheme. These grants replaced 2 elements of the Social Fund, (loans) scheme which were previously administered by the DWP.
- 3.11 After some initial set up delays the system is now fully operational and has handled over 600 claims and developments are now underway to deploy the on-line claim form in order to reduce reliance on paper application forms.
- 3.12 The Council received set up costs of £32.9k from the Scottish Government as well as an administration grant for 2013/14 totalling £57.12k. Whilst the set up costs covered the cost of the I.T. solution the resource requirement committed by the Benefit Unit to administer the fund has exceeded the available administration grant funding. The SWF administration is therefore being supplemented by existing Housing Benefit and Council Tax Reduction administration resources and consequently there has been a negative impact on HB/CTR performance during the first 2 quarters of 2013/14.
- 3.13 Whilst the administration of individual SWF claims has been shown to require significant resource, so far the overall demand for SWF grants has been less than that anticipated. However, some uncertainty remains about how this may develop through the remainder of the year as the scheme becomes more established and as seasonal influences take effect. A similar pattern of demand is being reflected across most Scottish Authorities and appears to be due to a number of reasons.
- 3.14 Initial SWF caseload projections based on Social Fund claims data have not provided a suitable reference point for the new service and the experience of Scottish Local Authorities in administering SWF since April suggests that the holistic approach being taken in delivering the service marks it as being significantly different from the Social Fund. That said, early indications suggest that Local Authorities are exercising good stewardship of the SWF and are in the main achieving better outcomes for clients.
- 3.15 Whereas the Social Fund attempted to address issues by advancing money that would later be recovered through a claimant's ongoing benefit entitlement, Local Authorities have been more able to provide a wider range of advice, signposting and referral options to people experiencing hardship. In addition to offering cash or vouchers to alleviate immediate crisis, SWF decision makers regularly arrange for the supply of goods and domestic appliances which can make a fundamental difference to the circumstances being experienced by vulnerable clients. In the main these clients are already known by the HB/CTR service and

the availability of existing information appears to have reduced the opportunity for potential misrepresentation of circumstances in a number of cases.

- 3.16 Early indications show that the service has been well received by those it has been able to support. Decisions are being made promptly and awards are being made within the timescales set by the SWF Guidance. There have been very few requests for 1<sup>st</sup> tier review of SWF decisions, and none have progressed to a 2<sup>nd</sup> tier review.
- 3.17 The standard of service being delivered has been evidenced by testimony from internal and external partners, (see Appendix 2) although so far the constraints the service has operated within has meant that it has largely been centred on the Haddington office. The Benefit Unit plans to extend the service through the deployment of the on-line claim form and through closer co-ordination with Tenancy Support/Housing Officers, Customer Services, advice agencies, Adult and Children's Wellbeing colleagues. It is hoped that closer working with Social Care colleagues will improve the co-ordination of SWF and Section payments.
- 3.18 The Benefits Unit will continue to develop its contacts to improve its capacity for signposting and referring clients on for further support and advice. The Unit already has established links to a number of 3<sup>rd</sup> Sector organisations which operate within the County and is currently the East Lothian Food Bank's largest referral agency.
- 3.19 From the Benefits Unit's perspective staff have had to become used to exercising more discretion than previously required when making HB/CTR decisions. Whilst the holistic approach to delivering the service has been beneficial for clients, each case represents a major time commitment in liaising between clients, internal/external agencies and the contracted domestic goods providers. Communication between the DWP and the Council where 'Short Term Benefit Advances' may be an issue is an area which still needs to be improved, however such issues are regularly discussed at CoSLA's SWF Practitioner's Group meetings.
- 3.20 As the programme of welfare reforms continues it is evident that the Scottish Welfare Fund will continue to be an important component in the Council's efforts to minimise the effects of poverty and hardship on the lives of East Lothian residents. To assist in this a Scottish Welfare Fund Policy will be developed to ensure that the Fund is administered within an East Lothian context in line with SWF Guidance supplied by the Scottish Government. The development of this Policy will also draw on the Unit's early experience of delivering this new service.

### **Housing Benefit Under Occupancy**

- 3.21 On 1<sup>st</sup> April 2013 a Housing Benefit Under Occupancy Supplement was introduced. Commonly referred to as the 'Bedroom Tax' the supplement is actually a restriction applied to the amount of Housing Benefit awarded to claimants who are under occupying their Council or Housing Association tenancy. Tenants under occupying by 1 bedroom are

subject to a 14% reduction in the eligible rent used to calculate their HB whilst Tenants under occupying by 2 or more bedrooms are subject to a 25% reduction.

- 3.22 In preparation for this change the Council's Benefits and Community Housing Services worked together to identify those that would be affected by under occupancy and sought to engage with Council Tenants that were to be affected in order to make them aware of both the change and options that may be available to them. The Benefit Unit also worked closely with Housing Associations in order to facilitate similar work carried out by them.
- 3.23 In the months preceding April 2013 approximately 840 Council tenants received 2 separate letters to alert them to how the changes would affect their Housing Benefit. In addition to this the under occupancy change was publicised in the 'Homefront' tenant's newspaper. Each letter issued contained a copy of a leaflet entitled 'Important Changes to Housing Benefit' along with further information about options for downsizing etc. This information continues to be available through local offices, libraries and the Council's [Welfare Reform web pages](#) have been updated to include information about under occupancy and other Welfare Reforms.
- 3.24 Since the beginning of 2013 Area Housing Officers have been continuing to engage with tenants affected by under occupancy, offering to meet them face to face to advise on their options including downsizing and mutual exchanges. Advice on claiming Discretionary Housing Payments, (DHP) has also been provided as well as information on where to get money advice and tenancy support has been offered where appropriate. Despite offers of advice some tenants have not engaged with staff and there is some concern that media coverage of this issue may lead some to take the view that they do not need to pay.
- 3.25 As people's circumstances change over time the households affected by under occupancy will vary. Given this dynamic the options analysis may prove difficult and it may not be possible for Housing Officers to sustain the initial levels of engagement. In an effort to limit how under occupancy affects new tenants Housing Officers are now advising all new tenants allocated houses with bedrooms they will under occupy about the charge and confirming that they understand they will be liable for the additional rent charge even when awarded maximum HB.
- 3.26 In an effort to encourage residents concerned about under occupancy, rent arrears or welfare reform related matters to seek appropriate help and advice the Council has produced a range of videos entitled 'East Lothian Debt, Benefits and Housing Advice'. These videos are available to view through the Council's [Youtube page](#) and stress the need for people to seek advice as early as possible.
- 3.27 Since October 2012 when the Council began engaging with households regarding under occupancy the Community Housing service has seen an increased number of transfer and mutual exchange applications from tenants. Analysis of transfers and mutual exchanges is being carried out

to monitor how the under occupancy change is affecting Tenant's behaviour however the lack of appropriately sized housing stock is likely to continue to restrict housing options for those currently under occupying.

- 3.28 Since April the Rent Income Team have been monitoring the affect of the under occupancy charge on rent collection. Early analysis of non payment of rent during April suggested that there had been an increase in rent arrears due to under occupancy however it should be noted that the dynamics associated with under occupancy makes analysis of these figures very difficult. Whilst rent arrears are directly affected by this change it is more difficult to assess what other factors may be impacting on a tenant's ability to pay. It should be borne in mind that aside from the ongoing issues affecting employment and the economy it is also likely that East Lothian households relying on Housing Benefit for assistance with paying their rent may have also experienced cuts in other welfare benefits which have been changed by the welfare reforms.
- 3.29 Additional funding within the Council's 2013/14 budget, allocated to help with rent collection, has provided additional staffing resource, enabling the Rent Income Team to manage the increased workload which has arisen due to under occupancy. The Team has significantly increased the number of visits to tenants in their own homes, where Officers will negotiate repayment, promote direct debit, signpost financial advice and encourage benefit take up. The team also work with Community Housing colleagues when under occupancy arrears are identified and Housing options need to be explored. Every effort is being made to prioritise engagement with those in arrears affected by Under Occupancy to offer support and advice to avoid eviction which is always a last resort.
- 3.30 As part of the combined effort being made by Council Services involved in responding to under occupancy HB claimants who are affected are being advised about and (where appropriate) assisted in claiming Discretionary Housing Payments, (DHPs). Whilst DHPs are not intended to be a long term solution for under occupancy charges, in many cases they are providing a temporary measure which allows the claimant a transition period in which to adjust to paying the revised rent charge.

### **Benefit Cap**

- 3.31 After an initial delay in implementing the Benefit Cap this welfare change was rolled out across Scotland over a 4 week period which started week commencing 15<sup>th</sup> July 2013. The principle of this cap is to ensure that no one in receipt of welfare benefits will be allowed to exceed average earnings. In order to achieve this, the level of Housing Benefit is reduced in order to apply the overall Benefit Cap.
- 3.32 In preparation for the implementation of the Benefit Cap the DWP supplied scan data to the Council which suggested that approximately 30 East Lothian households that could be affected. In addition to the DWP corresponding with those affected the Benefit Unit liaised with the Community Housing Service and Housing Associations in order to inform

any proactive work that could be done by them to help reduce their tenant's exposure to the cap.

- 3.33 As a result of this work and decisions made by individual tenants to reduce their housing costs the final total of households actually affected by the Benefit Cap in East Lothian was managed down to 18. Of these 2 were Council tenants, 2 were Housing Association tenants, 4 were Homelessness clients housed in Private Sector Leasing temporary accommodation and the remainder were claimants renting in the private sector.
- 3.34 Whilst the management of these cases has helped reduce the number of East Lothian HB claimant's exposed to the Benefit Cap it should be noted that the implications for those still affected can be significant. Such cases are rare since they normally feature larger families housed in expensive, often temporary accommodation. However the Benefit Cap creates an imperative for the small number of cases to be managed into more affordable accommodation.

### **Discretionary Housing Payments**

- 3.35 In anticipation of the potential detriment likely to be experienced by claimants affected by various Welfare Reforms introduced on 1<sup>st</sup> April 2013 the UK Government increased the DWP's allocation of Discretionary Housing Payment (DHP) funding to Councils.
- 3.36 The UK Government's contribution to East Lothian Council's DHP funding pot initially increased from £55,000, (in 2012/13) to £125,982, (in 2013/14). However it should be noted that the Council approved additional DHP funding provision of £80,000 within the 2013/14 Revenues & Benefits Budget providing a total DHP fund of £205,982 to be administered by the Benefit Unit.
- 3.37 At the Council meeting on 26 February 2013 the Council agreed to devolve authority to the Head of Council Resources to approve a draft Discretionary Housing Payment Policy. Subsequently, (on 31<sup>st</sup> July 2013) the DWP informed the Council that the Government contribution would increase to £137,196 taking the total available DHP fund to £217,196. In response to this the DHP Policy, (see Appendix 3) has been revised as follows in order to target DHP according to need:

	<b>Government Contribution</b>	<b>East Lothian Contribution</b>	<b>Total DHP Budget</b>
Baseline Funding	£16,252	£10,320	£26,572
LHA Reforms	£32,503	£20,640	£53,143
Under Occupancy	£35,655	£15,520	£51,175
Benefit Cap	£52,786	£33,520	£86,306
<b>Total</b>	<b>£137,196</b>	<b>£80,000</b>	<b>£217,196</b>

- 3.38 It should be noted that the methodology applied to the apportionment of the DHP funding listed above was originally based on the DWP and CoSLA's original spending projections. In light of experience gained since April 2013 it is likely that the Benefit Unit will exercise its right to vire between each of the 4 component parts in order to better reflect actual need.
- 3.39 In response to the impending under occupancy changes due in April 2013 the Benefit Unit started to receive DHP applications in advance. During the period 1 March 2013 up to 31 July 2013 the Benefit Unit received 204 DHP applications of which 158 were approved for payment and 46 were declined. In deciding DHP awards the Benefit decision maker must consider a range of factors including the extent of any rent shortfall, the reasons for it and whether the claimant has any alternative means of meeting it.

### **Universal Credit**

- 3.41 Universal Credit Pathfinder projects have been operating across 4 Jobcentre areas in England since April 2013. Whilst the Pathfinder projects are designed to road test the key elements of the scheme so far they have only involved limited groups of claimants. The national rollout is planned to begin in October 2013 however in the initial stages this will be limited to a further 7 Jobcentre districts of which Inverness will be the only Scottish district. This represents a slowdown in the roll out of U.C. however October 2013 will also see the DWP introduce a new 'Claimant Commitment' which will introduce a higher level of 'conditionality' for Job Seeker Allowance claimants.
- 3.42 Further announcements on Universal Credit roll out are expected in the autumn but will in all likelihood be conservative in scale, initially involving only limited groups of claimants. A date for roll out in the Lothians is yet to be confirmed however, once it begins it will see a managed migration of Housing Benefit caseload away from Local Authority administration to the DWP to be administered as the 'housing costs' element of Universal Credit. This migration of HB claims is due to be completed by 2017.
- 3.43 As the Universal Credit programme moves towards national roll-out it is becoming apparent that UK Ministers and U.C. Programme Managers are seeking a partnership with Local Authorities to assist in its delivery. Currently this is being referred to a Local Support Services Framework. Whilst the detail of this framework is yet to be agreed it is likely that 'digital inclusion' will be a key feature.
- 3.44 The potential role for Local Authorities under the support framework is likely to be in providing a face to face service and facilitating on-line access to Universal Credit for customers who may experience difficulties in doing so themselves. Whilst 'East Lothian Works' will continue to provide a hub for supporting East Lothian residents back into employment in the future Local Offices and Libraries will be required to work in partnership with other services playing a key role in supporting people access their state benefit entitlement.



- 3.44 At the point of writing the DWP have yet to confirm how the Local Support Framework might be funded and this continues to be a subject for discussions taking place between CoSLA, the UK and Scottish Governments. In the meantime the Welfare Reform Task Group along with Reference Group Partners is pursuing a number of bids to secure funding for digital inclusion and welfare advice initiatives.

#### **4 POLICY IMPLICATIONS**

- 4.1 A Scottish Welfare Fund Policy will be developed to facilitate the consistent delivery of Crisis Loans and Community Care Grants elements of the Scottish Welfare Grants Service. Policy development will be informed by the Scottish Government SWF Guidance and will draw on the Benefits Unit's early experience in delivering the service.
- 4.2 A copy of an amended draft Discretionary Housing Payments, (DHP) Policy is attached for noting, (see Appendix 8). These amendments reflect the additional DWP funding. The Head of Council Resources has been given devolved authority to approve the Policy.

#### **5 EQUALITIES IMPACT ASSESSMENT**

- 5.1 Equalities impact assessments will be completed in respect of both policy documents.

#### **6 RESOURCE IMPLICATIONS**

- 6.1 Financial – it is currently anticipated that all of the areas reported upon within this report will be managed within existing approved budgets although due to the fact this is the SWF Service's first operational year, there remains a risk associated with uncertainty of seasonal fluctuations in demand.
- 6.2 Financial – A similar risk is associated with the uncertainty of predicting demand for DHPs.
- 6.3 Other – None

#### **7 BACKGROUND PAPERS**

- 7.1 Appendix 1 – Welfare Reform Actions summary
- 7.2 Appendix 2 – SWF Partner Testimony
- 7.3 Appendix 3 – Draft DHP Policy, (Revised)

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<b>DATE</b>	29 <sup>th</sup> August 2013

## Appendix 1

# EAST LoTHIAN COUNCIL WELFARE REFORM ACTION PLAN: KEY ACTIONS

<u>Document Control</u>			
<u>Version No.</u>	<u>Effective Date</u>	<u>Reason for Update</u>	<u>Lead Author/ Reviewer</u>
1.0	21 <sup>st</sup> Feb 2013	New document	Paolo Vestri
1.1	25 <sup>th</sup> Feb 2013	Revised following Task Group meeting	Paolo Vestri
1.2	1 <sup>st</sup> Mar 2013	Further revision	Paolo Vestri
1.3	19 <sup>th</sup> April 2013	Update	Paolo Vestri

## Appendix 1

### 1: DIRECT OPERATIONAL AND SERVICE DEVELOPMENT REQUIREMENTS

#### 1.1 ESTABLISH NEW SYSTEMS AND PROCESSES TO OPERATE COUNCIL TAX REDUCTIONS (CTR) FROM APRIL 2013

NO FURTHER ACTION REQUIRED

#### 1.2 ESTABLISH NEW SYSTEMS TO OPERATE DEVOLVED 'SCOTTISH WELFARE FUND' ARRANGEMENTS FOR COMMUNITY CARE GRANTS AND CRISIS GRANTS FROM APRIL 2013

	<b>Action</b>	<b>Lead(s)</b>	<b>Timescale</b>	<b>Requirement</b>
1.2.1	Establish procedures/ process for applications for Welfare Fund Grants (Crisis Grants and Community Care Grants) – including: <ul style="list-style-type: none"> <li>• referral process</li> <li>• guidelines for approvals</li> <li>• software implementation</li> <li>• on-line application process</li> <li>• staff training</li> <li>• procedures for 1<sup>st</sup> and 2<sup>nd</sup> stage reviews</li> </ul>	John Cunningham	Completed	Appointment of 2 Benefits Officers Support from: <ul style="list-style-type: none"> <li>• systems staff</li> <li>• IT staff</li> <li>• Web staff</li> <li>• Adult and Children's Wellbeing</li> </ul> Members of review panel
1.2.2	Establish procedures/ process for making payments (e.g. Paypoint) and providing goods	John Cunningham	Completed	Support from finance and procurement
1.2.3	Ensure all relevant council services and other agencies are aware of the new procedures/ processes and assisted applications	John Cunningham	Completed	Staff awareness Public awareness Rights and Advice Forum to provide liaison with vol orgs
1.2.4	Ensure SWF is aligned to, and informs, early intervention and prevention relating to vulnerable families and individuals – see 1.7.2	tbc	On-going	Links to development of early intervention/ prevention plan for the Single Outcome Agreement
1.2.5	Review implementation of SWF and amend if required	John Cunningham	On-going	

## Appendix 1

### 1.3 CONSIDER AND ACTION IMPLICATIONS FOR STAFF CURRENTLY OR PARTLY ADMINISTRATING HOUSING BENEFIT IN THE CONTEXT OF THE PHASED REMOVAL OF DWP FUNDING FOR THIS ROLE

	Action	Lead(s)	Timescale	Requirement
1.3.1	Monitor staff turnover and staff requirements	John Cunningham	On-going	
1.3.2	Carry out review of Benefits service/ staff structure	John Cunningham/ Zoe Thomson	Sept 2013 – Jan 2014	Prioritisation of the review

### 1.4 REQUIREMENTS TO REPLACE CURRENT ELIGIBILITY RULES AND SYSTEMS FOR PASSPORTED BENEFITS FROM APRIL 2013, AND MORE SIGNIFICANTLY FOLLOWING THE INTRODUCTION OF UNIVERSAL CREDIT IN OCTOBER 2013

	Action	Lead(s)	Timescale	Requirement
1.4.1	Establish short-life task group involving relevant services to review all concessions, charges and benefits provided/ administered by the Council and develop a coherent approach to passporting based on Universal Credit  Link to review of Community Care Finance Unit	Jim Lamond to chair	Apr – Sept 2013	PV/JC to brief JL  Support from all relevant services: <ul style="list-style-type: none"> <li>• Enjoy</li> <li>• Housing</li> <li>• Education</li> <li>• Adult Wellbeing</li> <li>• Children's Wellbeing</li> <li>• Transport</li> </ul>

### 1.5 CONSIDER THE EXTENT TO WHICH THE COUNCIL WILL AGREE TO ENTER INTO CONTRACTS/BE COMMISSIONED TO IMPLEMENT LOCALLY CERTAIN ASPECTS OF UNIVERSAL CREDIT (SUCH AS FACE TO FACE AND ASSISTED ON-LINE SUPPORT)

	Action	Lead(s)	Timescale	Requirement
1.5.1	Face-to-face Service Review to consider how Council should provide/ support Universal Credit and provide assisted on-line support  Link to Customer access/ channel shift and requirement to plan to promote and support 'digital inclusion' (see 3.2.1)	Eileen Morrison	Sept 2013	Support from relevant services including Libraries, CLD, Adult Wellbeing, Children's Wellbeing, IT and Voluntary sector

## Appendix 1

### 1.6 ESTABLISH SYSTEMS FOR RELEVANT STAFF TO OPERATE WITHIN THE NEW UK WIDE SINGLE FRAUD INVESTIGATION SERVICE

	<b>Action</b>	<b>Lead(s)</b>	<b>Timescale</b>	<b>Requirement</b>
1.6.1	Review staffing implications of creation of single fraud investigation service – as part of the Benefits Service review	John Cunningham/ Zoe Thomson	Sept 2013 – Jan 2014	Prioritisation of the review

### 1.7 ESTABLISH SYSTEMS FOR DATA SHARING AND IDENTIFYING VULNERBLE FMILIES AND INDIVIDUALS

	<b>Action</b>	<b>Lead(s)</b>	<b>Timescale</b>	<b>Requirement</b>
1.7.1	Develop and use formal data sharing protocol and mandates between all relevant council services	Caitlin McCorry	On-going	All services to use data sharing mandates
1.7.2	Develop business case for purchasing software to produce risk based identification of vulnerable families and individuals – link to common financial assessment and income maximisation benefits checks	John Cunningham/ Kenny Christie/ Caitlin McCorry/ Linda Young Sonya Buyzin	June 2013	May need agreement to purchase software/ funds (could be £20,000 - £30,000)  Support from IT and possibly flexibility of stringent restrictions
1.7.3	Completion of review of Community Care Finance Unit	Gordon Murison	Mar 2013	Should this be inlkd to review of Benefits Service?

## Appendix 1

### 2. DIRECT SERVICE IMPLICATIONS AND CONSEQUENCES

#### 2.1 SCENARIO PLANNING FOR ANTICIPATED INCREASES IN NON-PAYMENT AND RENT ARREARS DUE TO THE END OF DIRECT PAYMENTS TO SOCIAL LANDLORDS

	Action	Lead(s)	Timescale	Requirement
2.1.1	Assess impact of under occupancy arrangements and the potential impact of direct payments to tenants to increase rent arrears	Kenny Christie	Oct 2013	Level of bad debt provision will need to be reviewed in light of actual experience

#### 2.2 DETAIL AND QUANTIFY THE POTENTIAL IMPLICATIONS OF WELFARE REFORM CHANGES FOR HOUSING STRATEGY AND FUTURE HOUSING ALLOCATION POLICIES, CONSIDER THE POTENTIAL IMPACT ON HOMELESSNESS PRESENTATIONS, AND ASSOCIATED POLICIES AND PROCEDURES AND CONSIDER THE IMPACT OF ADDITIONAL RENT COLLECTIONS AS A CONSEQUENCE OF DIRECT PAYMENTS VIA UNIVESAL CREDIT

	Action	Lead(s)	Timescale	Requirement
2.2.1	Assess impact of under occupancy arrangements on tenants – applications for transfers, homelessness – and consider providing more public information and support to affected tenants	Caitlin McCorry	On-going	Recognition of workload impacts (e.g. face-to-face contact with affected tenants; information surgeries in local offices)

#### 2.3 ASSESS THE POTENTIAL IMPACT OF WELFARE REFORMS ON FUTURE APPLICATIONS FOR DISCRETIONARY HOUSING PAYMENTS

	Action	Lead(s)	Timescale	Requirement
2.3.1	Put in place new Discretionary Housing Payments Policy	John Cunningham	Completed	Recognition of capacity issues within Benefits service
2.3.2	Review new DHP Policy and assess financial implications	John Cunningham	Oct 2013	As above

## Appendix 1

### 2.4 CONSIDER THE POTENTIAL IMPACT ON SUPPORT SERVICES OF A LACK OF CONTACT WITH HOUSING BENEFIT RECIPIENTS THROUGH MIGRATION TO UNIVERSAL CREDIT

See 1.5.1 and 1.7.2

### 2.5 IDENTIFY THE POTENTIAL SCALE OF INTERNAL AUTHORITY MIGRATION REQUIRED DUE TO HOUSING BENEFIT CHANGES, AND THE POTENTIAL IMPLICATIONS FOR OTHER KEY SERVICES INCLUDING EDUCATION PROVISION

See 2.2.1

### 2.6 IDENTIFY LIKELY ADDITIONAL DEMANDS ON SOCIAL WORK SERVICES FROM IMPLICATIONS OF UC, PIP AND SOCIAL FUND CHANGES – PARTICULARLY IN THE CONTEXT OF THE STATUTORY DUTIES WITHIN THE SOCIAL WORK (SCOTLAND) ACT, THE PROMOTION OF SELF-DIRECTED CARE, AND INDEPENDENT LIVING

	Action	Lead(s)	Timescale	Requirement
2.6.1	Review impact of welfare reform on social work services clients including Welfare Rights Service	Linda Young/ Gill McMillan	Oct 2013	Prioritisation of this work within Adult Wellbeing and Children's Wellbeing

### 2.7 IDENTIFY STAFF TRAINING REQUIREMENTS AND A COMMUNICATION STRATEGY FOR THE CORPORATE IMPLICATIONS OF WELFARE REFORM CHANGES FOR ALL STAKEHOLDERS. ARTICULATING THE CONNECTIONS BETWEEN THE VARIOUS ASPECTS OF THE WELFARE REFORM PACKAGE, AND THE POTENTIAL IMPLICATIONS FOR THESE ACROSS SERVICES

	Action	Lead(s)	Timescale	Requirement
2.7.1	Training Plan for all relevant Council staff and relevant voluntary organisations – develop use of e-learning Awareness for elected members	Marion Connolly / Tonia Moncrieff / O.D.	May 2013	Needs to be supported by O.D and training staff across the Council
2.7.2	Communications Plan for elected members, staff and the public	David Russell	May 2013	Agreement that this is a Council priority



## Appendix 1

### 3. INDIRECT WIDER CONSEQUENCES IN LOCAL COMMUNITIES, AND POTENTIAL LONGER TERM OPPORTUNITIES FROM WELFARE REFORM

#### 3.1 REVIEW THE CURRENT PROVISION OF LOCAL INFORMATION, MONEY ADVICE, FINANCIAL INCLUSION AND ADVOCACY SERVICES, AND THEIR CURRENT CAPACITY TO MEET THE NEW DEMANDS ANTICIPATED TO RESULT FROM WELFARE BENEFIT CHANGES

	Action	Lead(s)	Timescale	Requirement
3.1.1	Complete review of Advice Services – CABx and Welfare Rights Service	Paolo Vestri	Oct 2013	May require external support
3.1.2	Establish Rights and Advice Forum – database and referral process	Paolo Vestri	June 2013	Funding may be required from Fairer East Lothian Fund – Rebecca Spillane is progressing and applying for funding from Big Lottery

#### 3.2 REVIEW THE ACCESS OF FUTURE UC RECIPIENTS TO BANK ACCOUNTS, AND THEIR CAPACITY TO RESPOND TO THE 'DIGITAL BY DEFAULT' ASPIRATIONS OF THE NEW SYSTEM

	Action	Lead(s)	Timescale	Requirement
3.2.1	Establish short-life Task Group to develop plan to support and promote 'digital inclusion' - linked to Face-Face review and Customer Access (Channel Shift (see 1.5.1)	Rebecca Spillane	Apr – Dec 2013	Support from all relevant services including CLD, Libraries

#### 3.3 CONSIDER THE IMPLICATIONS OF WELFARE REFORM ON THE CURRENT DELIVERY AND TARGETING OF LOCAL EMPLOYABILITY SERVICES

See 3.4.1

## Appendix 1

### 3.4 REVIEW AND AMEND AS REQUIRED CURRENT ANTI-POVERTY STRATEGIES AND SINGLE OUTCOME AGREEMENTS IN THE CONTEXT OF WELFARE REFORM CHANGES

	<b>Action</b>	<b>Lead(s)</b>	<b>Timescale</b>	<b>Requirement</b>
3.4.1	Finalise Tackling Poverty Strategic Action Plan	Paolo Vestri	May/ 2013	Re-allocation of Fairer East Lothian Fund to support new priorities
3.4.2	Implement action plan around key outcomes: <ul style="list-style-type: none"> <li>• People in East Lothian will have better access to advice and information, including debt and money advice</li> <li>• Fewer people in East Lothian will be financially excluded and all vulnerable people will have access to advice and services that increase financial capability</li> <li>• People furthest from the labour market develop work ready skills</li> <li>• Families have the support they need to thrive and children have the best start in life</li> </ul>	Paolo Vesti	On-going	

### 3.5 REVIEW THE POTENTIAL IMPLICATIONS OF WELFARE REFORM ON THE PROVISION OF CHILDCARE SERVICES

See 2.6.1

### 3.6 REVIEW MEDIUM/ LONGER TERM CORPORATE OPPORTUNITIES FOR WELFARE REFORM TO CONNECT TO WIDER SERVICE REDESIGN PRIORITIES AND THE PREVENTATIVE SPENDING AGENDA

See 1.2.4, 1.5.1 and 1.7.2

## Appendix 2

**From:** Wilma Archibald [<mailto:WilmaArchibald@HaddingtonCAB.casonline.org.uk>]

**Sent:** 02 July 2013 10:59

**To:** Cunningham, John

**Subject:** Scottish Welfare Fund

Hi

I thought I would take the chance to reiterate our experience of the Scottish Welfare Fund so far.

Your staff have been very helpful and communications between them and CAB have been very good.

One case did cause a problem but this was because of a language barrier and was a very unusual case.

On one occasion I phoned to find out if it was possible to get an electronic copy of the application form [so that I could translate it into Polish] and your team managed this within about 10 minutes.

The first application that was made on behalf a client was dealt with very promptly by your team and our client was shopping in Tesco within 2 hours of the application being made.

You spoke about the "newness" of the discretionary part of the decision making and I wondered if it might be possible for me to

visit your team and sit in with a decision maker. This would further help my understanding and ultimately help in the quality of applications made.

Also if any of your team are interested in visiting the bureau they are most welcome.just let me know and I will organise it.

Regards

Wilma

Wilma Archibald, CAB Advice and Outreach Co-ordinator, 46 Court Street, Haddington, East Lothian, EH41 3NP

Tel: 01620 824471

## Appendix 2

**From:** Newall, Lisa  
**Sent:** 31 July 2013 15:54  
**To:** Cunningham, John  
**Subject:** Welfare Fund well overdue feedback

Hiya John

I always keep meaning to email you but never quite seem to get round to it. Anyways I just wanted to pass on well overdue thanks, praise and congratulations to everyone dealing with the welfare fund and in fact all of our colleges in benefits. I think it's important to acknowledge the effort and hard work that they all do, especially in the current climate. I have already said to you that I think there have been huge improvements with ELC staff administering CCG, Crisis etc as opposed to the DWP and I can tell you that lots of my clients have said that they now feel that they are treated with patience, understanding and empathy which is not something that was commonly found when dealing with the DWP (not that am slating the DWP of course but this is the feedback am getting and I just tells it like it is!!) I have to say that I have found everyone I have dealt with to be very efficient, supportive and helpful all of the time and not just with the clients, with me too and I really appreciate and value their support, expertise and guidance.

I thought I would share this with, it's about one particular case that really struck a chord with me and where I really started to appreciate what you guys do:

I had a chap who had been homeless but re-housed after a long period of sofa surfing right at the point of the changeover. He had applied to DWP for CCG and been refused and his appeal was refused point blank, they said he wasn't homeless. He definitely was homeless however and the impact of that can still be seen in many respects. He is alcohol dependant and has a long history of depression and self harm. Anyway, I got the referral through as urgent because according to his housing officer, his tenancy was already failing. When I met him he was more or less living in the living room with no floor coverings, no electrical goods, no window coverings, in fact he had pretty much nothing. He was sitting and sleeping on a second hand metal framed but broken bed settee. This guy is proud and asks for and expects nothing. I supported him to apply to the WF and he was awarded everything we had asked for. Everything was taken care of quickly and the difference in his house is unbelievable. It's warmer and looks like a real home. Since he found out he was being awarded he got fired right into the redecoration (which he had no motivation to do previously) and his home is really lovely now and more importantly, he loves it. When we sat down and reviewed everything he was crying just with sheer relief and I guess, happiness. I don't know what we would have done without this help and support from you and your team.

I must say however that this is not an isolated case, there are lots of instances where I know that people have gone way above and beyond to help out e.g. I had another wee girl who has the most horrendous health problems and who is incredibly vulnerable and isolated who, I know, would have been left to starve in the dark over the weekend had it not been for the efforts of the people dealing with the WF that day. That was another very worrying situation because I know how bad things were before the WF stepped in, she had hardly eaten anything for days as it was. A huge thanks from her and me for your help.

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I could go on but alas, I must return to admin type stuff and am concerned am beginning to sound like am accepting an Oscar or something!! Please pass on my sincere thanks and really just the sentiment that I (and of course, my clients) think everyone in your team rocks!!!! I appreciate they have to make some pretty tough decisions under an awful lot of pressure but it's clear that the approach is working because help is going where it's needed most. Of course, if I can offer any help in return to anybody, just let me know. Thanks very much. ☺

*Lisa Newall*  
*Tenancy Support Officer*  
*01875 824127*  
*07725 220362*

*East Lothian Council*  
*The George Johnstone Centre*  
*35 Winton Place*  
*Tranent*  
*EH33 1AE*



Appendix 3

## **East Lothian Council**

# **DRAFT Discretionary Housing Payment Policy, (Revised 31 July 2013)**

**2013/14**

**DRAFT**

## Appendix 3

### Introduction

Discretionary Housing Payments (DHPs) provide customers with further financial assistance with their housing costs to alleviate hardship to allow customers time to find alternative solutions to housing issues and/or shortfalls in income. The availability of DHPs will be promoted by the benefits service and the Authority will do everything possible to make it easy for potential beneficiaries of DHPs to apply and assist claimants during the process.

### Background

On 2<sup>nd</sup> July 2001 the DHP scheme was introduced. It granted all local authorities power to make a discretionary award to top up the Housing Benefits (HB) statutory schemes. The legislation governing DHPs can be found in the Discretionary Financial Assistance Regulations 2001 (SI2001/1167) and the subsequent amendment regulations. Until recently, the UK government contribution towards the DHP scheme was £20m per year. LAs are permitted to contribute 2 ½ times the UK government contribution. Following recent welfare reforms, the Government contribution has increased to support specific groups of people, as follows:

- Those affected by the benefit cap
- Those affected by the size criteria in social rented sector
- Those affected by local housing allowance reductions

### DHP funding for 2013/14, (revised)

The total funding within the UK for 2013/14 is £155m. The table below gives details of East Lothian Council's 'revised' Government contribution and overall expenditure limit for Discretionary Housing Payments. Taking into account discussions DWP had with the Local Authority Associations about the distribution formula, it was agreed to target resources according to need. To achieve this aim, the methodology applies a different approach to the four component parts of the total DHP allocation for 2013/14. Although authorities are free to vire between each of the component parts. The table below illustrates the current funding position for East Lothian following the revised Government contribution of 31<sup>st</sup> July 2013:



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	Government Contribution	East Lothian contribution	Total DHP Budget
Baseline Funding	£16,252	£10,320	£26,572
LHA reforms	£32,503	£20,640	£53,143
Under Occupancy	£35,655	£15,520	£51,175
Benefit cap	£52,786	£33,520	£86,306
Total	£137,196	£80,000	£217,196

Although the scheme conveys a large degree of discretion, we will take account of the purpose of the increased funding when considering applications for DHPs.

DHPs can cover shortfalls between eligible rental liability and payment of Housing Benefit and help towards housing costs.

Housing costs are not defined in the regulations. In general, housing costs can be interpreted more widely to include rent in advance, deposits or other lump sum costs associated with a housing need such as removal costs.

Consideration should also be given to the impact of recent welfare changes introduced with effect from April 2013.

The main features of the scheme are:

- The scheme is purely discretionary and a claimant does not have a statutory right to a payment
- Every year the Government allocate an amount that can be paid out by each local authority in any financial year. East Lothian Council is able to pay additional money but this must be funded from our own finances
- The administration of the scheme is for the local authority to determine
- DHP is not a payment of HB. However the minimum amount of HB must be in payment in the benefit week that a DHP is awarded for

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- It cannot be used to offset overpayment recovery or to cover ineligible service charges

### **Purpose**

The purpose of this policy is to specify how East Lothian Council will operate the scheme from 1st April 2013, to indicate some of the factors that will be considered when deciding if a DHP can be made and to provide guidance on periods of awards and repeat claims. Each case will be treated strictly on its merits and all customers will be treated fairly and equally. East Lothian Council is committed to working with the local voluntary sector, social landlords and other interested parties to maximise entitlement to all available state benefits and this will be reflected in the administration of the DHP scheme. The main objectives when considering an award in East Lothian are:

- Alleviating poverty
- Encouraging and sustaining people in employment
- Tenancy sustainment and homeless prevention
- Safeguarding residents in their own homes
- Helping those who are trying to help themselves
- Keeping families together
- Supporting domestic violence victims who are trying to move to a place of safety
- Supporting the vulnerable in the local community
- Helping customers through personal and difficult events
- Supporting young people in the transition to adult life
- Promoting good outcomes for children and young people

### **Claiming a DHP**

A claim for DHP must be made in writing. Anyone enquiring about a DHP (either by phone, in person or correspondence) will be asked to complete a DHP form and their case referred to the Benefit section. The advice, assistance and support will be holistic in nature and consider all options in relation to alleviating the reasons for the DHP application being submitted. Additionally the local authority will be able to work cooperatively with the applicant/claimant in submitting any relevant information needed

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for the application to be considered. This form will incorporate a standard income and expenditure sheet that has been designed to ensure consistency of information and evidence gathering on financial matters. The council reserves the right to request any supporting evidence it deems to be relevant to the application. If the customer is unable or does not supply the required evidence, the benefits service will still consider the application and will take into account any other available factors. If the customer has no valid reason for failing to supply the required evidence, the DHP will be refused.

### **Matters for consideration**

In considering whether to make a DHP award, the customers' financial situation will be looked at. Some other factors that may be taken into account are:

- The extent of the shortfall, including whether the customer has capital or disregarded income which can be used to meet it, or whether anyone else is able and willing to help meet the shortfall?
- Is the reason for the shortfall due to welfare reform changes?
- Is there a real risk of eviction because of the shortfall, or will the landlord accept a reduced payment?
- If the customer has recently taken up the tenancy, did they make enquiries with the local authority or any other service providers about how much benefit they could be expected to get prior to signing up? Could the recently signed tenancy agreement be considered as affordable in relation to the applicant's income?
- What steps has the customer taken to try to reduce their rental?
- What steps has the customer taken to alleviate the problem?
- Does the customer, or anyone in the household, suffer from a health problem, illness or disability, which means that their choice of housing is restricted?
- Does the customer have other debts to pay, which make meeting the shortfall more difficult?
- DHPs are not to be provided to pay off other debts. The dates the debts were incurred are relevant, particularly where arrangements were entered into when rent is being restricted. Customers should take some responsibility for their level of debt, and the amount they can afford to pay from their income

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- If the customer has debts, have they taken advice on how to manage them effectively?
- Does the customer or anyone in the household have any unusual or unusually large expenses which make it harder than normal for them to meet the shortfall?
- Has there been a change of circumstances, which makes it more difficult to meet the shortfall?
- Could the customer reduce other outgoings so that they can meet the shortfall?
- Is this a repeat request for a DHP? If it is, what steps has the customer taken to try to alleviate the problem since the last application?
- Is the situation short term?
- If the DHP application is successful, what steps does the customer plan to take during the payment period to alleviate their position in preparation for when the payment ends.

### **Period of award**

The benefit service will decide the length of time for which a DHP will be awarded on the basis of the known facts and evidence supplied. The award can be reviewed at regular intervals.

The minimum period of award will be one week, with the maximum of 52 weeks. The start date of a DHP award will usually be:

- The Monday following receipt of the DHP claim, or
- The date on which entitlement to HB commenced (providing the claim is received within one calendar month of the HB decision, or
- The Monday after a relevant change in circumstances giving rise to the need for the DHP

A DHP shall not be awarded for any period for which the customer has no entitlement to HB.

The benefits service may need to revise or revoke a DHP award where the customers' circumstances have materially changed. It is the customers' responsibility to notify the council as soon as any change occurs. Any amendment to the claim will be effective from the date of change.

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In exceptional circumstances the benefits service will consider a request for backdating a DHP application. Such backdating will only be considered for a maximum of 3 months or 6 months in line with other benefit legislation for HB.

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### **The Decision**

The Benefit service aims to deal with all applications for DHP within 14 days of the claim form and all accompanying information being received.

Customers will be notified in writing of the outcome and the letter will state the reasons for the decision.

Where the application is successful the notification will advise:

- The weekly amount of the DHP award
- The period of the award
- How, when and to whom the DHP will be paid
- The requirement to report any relevant change

All notifications of decisions on DHP claims will offer the opportunity for the customer to seek review.

### **The right to seek a review**

DHPs are not payments of Housing benefit and are therefore not subject to the statutory appeals.

The benefits service will operate the following policy for dealing with appeals against any decision on a claim for DHP:

- A customer, or person nominated to act on their behalf, who disagrees with a DHP decision may dispute the decision in writing, within one month of the notification letter
- The Benefit Manager will consider the dispute. They will review all of the evidence held and make a decision within 14 days. Their decision will be deemed as final and the customer will only be able to make representations through the councils' corporate complaints procedure, seek a judicial review or by complaint to the Local Government Ombudsman.

### **Method of payment**

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The benefit DM will decide the most appropriate person to pay based upon the circumstances of each case. This could include paying:

- The customer
- Their partner
- An appointee
- Their landlord or agent
- Any third party to whom it might be most appropriate to make payment

We will normally pay an award of DHP by BACS. Payment frequency will normally be made in line with the HB award.

### **Overpayments**

The benefits service will seek to recover any DHP found to be overpaid. Normally this involves issuing an invoice to the customer or the person to whom the award was paid. Recovery may be made from any ongoing DHP entitlement. The overpayment notification letter will also set out the right of review.

### **Monitoring**

All DHPs will be recorded on the benefits service software system (Capita). Total DHP expenditure will be monitored on a monthly basis by the Benefits Team Leader who will ensure expenditure is within budget and correctly profiled throughout the year.

Quarterly reports will be submitted to the Benefits Manager.

A random sample of decisions will be checked for fairness and consistency. All checks will be recorded.

All claims for DHP will be treated equally and fairly in accordance with East Lothian Councils' policies on race, diversity and equality. East Lothian Council will endeavour to ensure that no-one who applies for DHP receives less favourable treatment on the grounds of any irrelevant consideration including age, disability, gender, religious beliefs, marital status, nationality, race or sexual orientation.

### **Fraud**

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East Lothian Councils' Benefit Service is committed to prevent any fraud and error, and to investigate and detect any fraud within the system.

A customer who tries to fraudulently claim a DHP by falsely declaring their circumstances, providing a false statement or evidence in support of their application, may have committed an offence under the Theft Act 1968. Where East Lothian Councils' Benefit Service suspect that a fraud may have occurred, the matter will be investigated, and this may lead to criminal proceedings being instigated.

### **Review**

This policy will be reviewed and revised to take into account any changes in legislation and to improve effectiveness. The effectiveness of this policy will be regularly monitored and results reported to senior officers and Members.

East Lothian Council reserves the right to adjust the way this policy operates from time to time, in all aspects, in the light of experience, prevailing economic climate and national benefit changes.