

SCOTTISH GOVERNMENT FUNDING FOR WELFARE REFORM AND DISCRETIONARY HOUSING PAYMENTS – REPORT ON SPEND TO DATE AND FUTURE PROPOSALS

1.0 EXECUTIVE SUMMARY

- 1.1 The Council was allocated an additional £550,390 from the Scottish Government in March 2014 to be used in order to provide additional Discretionary Housing Payments (DHPs). This was additional to the core DHP funding of £370,656 provided by DWP. We used only £26,684 of this additional funding for core DHPs in 2013/2014 and were able to support all medium and high priority groups across all priority groups, and we also accepted simplified claims from registered social landlords for those affected by under-occupancy restrictions.
- 1.2 Council agreed on 13 February 2014 to pay all DHP applications for medium and high hardship cases for all priority groups for 2013/14 and 2014/15 and to carry forward the balance of monies as earmarked funds for a range of welfare reform interventions to include a tenants incentive scheme, produce a range of support materials, digital access expansion with wifi in selected schools and additional courses delivered by Community Learning and Development, work to encourage credit unions to provide transactional banking services in Argyll and Bute, provision of additional crisis intervention and support through housing services and through care workers to work with looked after children and former looked after children.
- 1.3 This report provides an update on the progress made and seeks approval to carry the balance remaining at 31 March 2015 forward into 2015/16 to continue this work. Updated proposals are presented for the use of the balance of this funding.
- 1.4 The council received further funding for DHPs in 2014/15 of £375,838 from the Scottish Government. It is estimated that the balance remaining unspent at 31 March 2015 will be c £140k. Such funding will be significantly reduced for 2015/16. The Committee is asked to approve the carry forward of the unspent balance as earmarked funds to be used to fund DHP payments in 2015/16. This is expected to be sufficient to maintain current priority levels into 2015/16.
- 1.5 Recommendations
1. Policy & Resources Committee is asked to note the information provided in respect of progress made, and the estimate of projected expenditure to 31 March 2015 of £138.7k from the balance of Scottish Government funding for DHPs of £550,390 received in March 2014.
 2. The Committee approves the continued carry forward of the balance of this as earmarked funds estimated at £411.7k and approves the proposals for their use as summarised at 4.20.

3. The Committee approves the carry forward of the balance of the £375,838 Scottish Government 2014/15 DHP monies as earmarked funds to be used to fund DHP payments in 2015/16. It is estimated that the balance will be c £140k and will be sufficient to maintain current priority levels into 2015/16.
4. To require a further report to be brought back to a future meeting on the progress with the proposals approved at 2 and 3 above.

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2.0 INTRODUCTION

- 2.1 The Council was allocated an additional £550,390 from the Scottish Government in March 2014 to be used in order to provide additional Discretionary Housing Payments (DHPs). This was additional to the core DHP funding of £370,656 provided by DWP.
- 2.2 Council agreed on 13 February 2014 to pay all DHP applications for medium and high hardship cases for all priority groups for 2013/14 and 2014/15, and to carry forward the balance of monies as earmarked funds for a range of welfare reform interventions to include a tenants incentive scheme, produce a range of support materials, digital access expansion with wifi in selected schools and additional courses delivered by Community Learning and Development, work to encourage credit unions to provide transactional banking services in Argyll and Bute, provision of additional crisis intervention and support through housing services and through care workers to work with looked after children and former looked after children.
- 2.3 This report provides an update on the progress made and seeks approval to carry the balance remaining at 31 March 2015 forward into 2015/16 to continue this work. Updated proposals are presented for the use of the balance of this funding.
- 2.4 The council received further funding for DHPs in 2014/15 of £785,418. Policy & Resources Committee agreed on 21 August 2014 to support all under-occupancy cases irrespective of hardship so as to put them in the same position as if there were no under-occupancy restriction. The Strategic Management Team (SMT) carries out a monthly review of which priority groups can be supported for all non-occupancy cases. SMT has continued to support all medium and high hardship cases using the definition of medium financial hardship agreed in March 2014 of excess income over essential expenditure per week of £40 (single), £80 (couple) and £120 (family) throughout 2014/15.
- 2.5 The Council was successful in bidding to be one of the 11 national Universal Services Delivered Locally (USDL) Trial sites. It is one of the two Scottish sites, the other being an urban trial in Dundee. It is delivered jointly with the Department of Works and Pensions (DWP) and in partnership with our registered social landlords NHS, Bute advice centre and citizens advice. The trial offers money management training and advice through housing support providers and digital upskilling through access to computers and the internet locally for training sessions and tutorials. The trial started in September 2014 and runs to August 2015. The outcomes will inform the Council's future relationship with the DWP as part of the Local Support Services

Framework (LSSF) and are a key preparation for the rollout of universal Credit in Argyll and Bute.

- 2.6 The proposals originally approved by Council in February 2014 were modified to fit into the USDL requirements as this brought in additional funding from DWP and allowed for a formal evaluation of outcomes. This delayed the start of this work until September 2014 and hence expenditure to date has been less than originally anticipated.

3.0 RECOMMENDATIONS

- 3.1 Policy & Resources Committee is asked to note the information provided in respect of progress made, and the estimate of projected expenditure to 31 March 2015 of £138.7k from the balance of Scottish Government funding for DHPs of £550,390 received in March 2014.
- 3.2 The Committee approves the continued carry forward of the balance of this as earmarked funds estimated at £411.7k and approves the proposals for their use as summarised at 4.20.
- 3.3 The Committee approves the carry forward of the balance of the £375,838 Scottish Government 2014/15 DHP monies as earmarked funds to be used to fund DHP payments in 2015/16. It is estimated that the balance will be c £140k and will be sufficient to maintain current priority levels into 2015/16.
- 3.4 To require a further report to be brought back to a future meeting on the progress with the proposals approved at 3.2 and 3.3 above.

4.0 DETAIL

Background

- 4.1 Council agreed on 13 February 2014 to pay all DHP applications for medium and high hardship cases for all priority groups for 2013/14 and 2014/15, and to carry forward the balance of monies as earmarked funds for a range of welfare reform interventions to include a tenants incentive scheme, produce a range of support materials, digital access expansion with wifi in selected schools and additional courses delivered by Community Learning and Development, work to encourage credit unions to provide transactional banking services in Argyll and Bute, provision of additional crisis intervention and support through housing services and through care workers to work with looked after children and former looked after children.
- 4.2 The paragraphs below give a summary of the expenditure to date and proposed against each of the original proposals.

Proposal 1 – Offer DHPs beyond the DWP funding level and for more than 52 weeks

- 4.3 In March 2013 Council approved a new Discretionary Housing Payments policy. This was based on the concept of classifying all applicants into priority groups and also determining whether they are on high, medium or low hardship based on their financial circumstances and threat of eviction and any other relevant circumstances. Policy & Resources Committee agreed on 21 August 2014 to support all under-occupancy cases irrespective of hardship so as to put them in the

same position as if there were no under-occupancy restriction. Each month the Strategic Management Team considers which hardship levels can be supported for each priority group. Currently approval has been given to pay out on all applicants who are in high or medium hardship across all priority groups using the definition of medium financial hardship agreed in March 2014 of excess income over essential expenditure per week of £40 (single), £80 (couple) and £120 (family) throughout 2014/15.

DHPs actual and forecast expenditure

- 4.4 The Council was allocated £550,390 from the Scottish Government in March 2014 to be used in order to provide additional Discretionary Housing Payments (DHPs). This was additional to the core DHP funding of £370,656 provided by DWP. This means that we had funding to be able to pay out up to £921,046 in DHPs. Total paid out at 31 March 2014 was £397,340 so we used only £26,684 of the additional Scottish Government funding for core DHPs in 2013/2014. We were able to support all medium and high priority groups across all priority groups. We also accepted simplified claims from registered social landlords for those affected by under-occupancy restrictions based on hardship evidenced by rent arrears and possible threat of eviction and did not require these tenants to provide income and expenditure details. The balance available for welfare reform mitigations was therefore £523,706.
- 4.5 The funding allocation for DHP from DWP for 2014/15 was £409,580 – an increase of just over 10%. The Scottish Government subsequently allocated £375,838, providing a total of £785,418. As at 28 February 2015, we had spent and committed £631,462 which already exceeds the DWP allocation of £409,580. Based on current levels of spend, we would expect to spend c £645k by the end of this year, leaving an unspent balance of c £140k. This means that we do not need any of the balance from 2013/14.
- 4.6 The allocation from DWP for 2015/16 has been announced at £371,352 (a 9.3% reduction). The initial allocation from Scottish Government for 2015/16 is £65,991. This is set to cover 80% of expected expenditure. There is a further £9m to distribute nationally of which we may receive up to c £110k. So the total funding available could be c £546k. We therefore seek approval for the carry forward of the 2014/15 under spend estimated at £140k to 2015/16. Without this carry forward we would need to drastically reduce DHPs for private sector tenants. If approved, this would allow us to continue to support similar priority levels in 2015/16 and avoid a significant reduction in support levels for non-bedroom tax cases

Proposal 2 – Expansion of Tenants Incentive Scheme

- 4.7 A limited HOMEArgyll Tenants Incentive Scheme was agreed utilising some of the one-off transitional funding provided by DWP in 2013/14. This council received £11,222 in transitional funding and allocated £7,500 to incentivise tenants who are impacted by the removal of the spare room subsidy (bedroom tax) to downsize. The trial scheme offers an incentive of £500 for those considering a transfer. The funds can be used to remove financial barriers faced by tenants in moving. They can be used, for example, to pay for essential repairs to their existing property or to buy carpets for the new property. However it is left entirely to the tenant to decide how to use these monies. This scheme was launched at the end of October 2013. The scheme was initially very popular with registered social landlords and their tenants and it was estimated that uptake would be c 50 households in a year.

However the effective removal of the under-occupancy restrictions in August 2014 has reduced uptake. Expenditure of £20,500 has been achieved (41 households). This is not expected to exceed £22,000 by the end of March 2015. A very small uptake of £3k has been allowed for in 2015/16.

Proposal 3 – Producing comprehensive support material for those affected by welfare reform to include details of support available covering employability support, money management advice, digital access locations and training

- 4.8 The initial requirement was to map out all the points where those affected by welfare reform require support – effectively documenting the customer journey. This should also identify all those agencies (including all relevant council services) with whom the customer interacts and how these interactions can be used to identify the entire customer's needs for support in a holistic manner. Consideration should be given not just to the benefit claimant but also to the other members of their household. Then a range of suitable support material should be designed to help meet these needs. It is envisaged that customers will need help with improving their literacy, IT and other core employability skills, finding employment, managing money and dealing with debt. Materials should include signposting to all the relevant sources of help within Argyll and Bute.
- 4.9 This work would include updating the Money Handbook which was produced in 2009 and bringing this up to date with particular emphasis on the changes brought about by Welfare Reform. Materials would be produced in a number of formats including printed, on-line and flash drives and could be made available through any support organisation promoted by the Argyll and Bute Advice Network (ABAN).
- 4.10 It was initially envisaged that this could be carried out by a graduate intern and costs including printing budgeted at £30,000. On incorporation of this into a key element of preparation for our USDL trial, it was concluded that more specialist skills were required. Arneil Johnston (a specialist housing services consultancy) were employed to carry out detailed research of customer needs through telephone survey and focus groups, to research support materials already available and to tailor products to reflect provision within our area. Total expenditure is still estimated at £30k of which £20k has already been spent/committed.

Proposal 4 – Expansion of Digital Access across Argyll and Bute

- 4.11 Universal Credit is based on the premise that at least 80% of all claims will be made online and claimants will manage their Universal Credit account online. This is a big change and requires a greater level of access to the internet that we currently have in Argyll and Bute, as well as enhanced digital skills on the part of the claimant. Community Learning and Development have purchased 18 additional laptops, recruited 40 new bank tutors, and are now delivering additional IT literacy courses in rural schools (which minimises travel for those being assisted) using Guest access. They are on track to spend all of the £40,000 allocated for 2014/15 by 31 March 2015. A further £45k is required to provide similar support for the remainder of the USDL trial period. It is estimated that £80k would be required to provide this service for all of 2015/16. This includes provision for a training co-ordinator at £30k to handle the additional caseload.

Proposal 5 – Work to encourage Credit Unions to provide basic transactional banking services in Argyll and Bute

- 4.12 It had been noted that the DWP was working with credit unions at a national level and was willing to provide funding for expansion based on the numbers of new transactions handled. It was intended to work with DWP to try and attract a larger credit union into Argyll and Bute who would be willing to offer transactional services along with additional money management support services to those who are unable to access such services from the banks or for whom such services are unsuitable. Assistance envisaged was by way of in kind support through the customer service point network with up to a further £30,000 to support one-off set up costs in 2014/15. No progress has been made with this. Meetings were held with Dermot O'Neill, Chief Executive of the Scottish League of Credit Unions, and it was realised that this does not fit well with the ethos of credit unions which are only successful when truly local and with a cross-section of customers, not just focussing on those who are less well off. We have no current plans to spend any of these monies.
- 4.13 Instead this money was re-allocated to support Bute Advice Centre to assist them to continue to operate. Funding of £20,000 was agreed to see them through to 31 March 2015 and provided under a Service Level Agreement. The Bute Advice Centre Manager now attends the Welfare Reform Working Group and makes a very useful contribution at that forum. They provide regular reports on clients supported. They have also requested further funding of £30,000 to help underpin their finances to continue for a further year to 31 March 2015.
- 4.14 In addition the remaining £10,000 has been promised to ACHA as match funding to support their bid to the Peoples and Communities Fund. If successful this bid would allow Acha to continue their welfare rights service to their tenants throughout 2015/16. This amount matches Acha's own contribution. The service is valued by their tenants and if not provided, Acha's tenants would be sign posted to the council's own welfare rights service which would struggle to cope. Acha propose to use Bute Advice Centre to help deliver this service and hence this bid provides further support to that organisation also.

Proposal 6a – Provision of Crisis prevention and Intervention support within Argyll and Bute.

- 4.15 The existing housing support contracts were extended to provide personal budgeting support as part of our delivery of the USDL trial. Referrals are made to this service from new benefit claimants through all the Job Centres in our area, and this is now being extended to existing caseload. DWP job centre managers carry out a high level triage and then make a referral to a housing support co-ordinator in Community and Culture who then undertakes a detailed triage to assess needs, and then makes an onward referral if there appears to be a need for service to a housing support provider (for personal budget support needs) and to Community Learning and Development for digital and/or literacy skills training. This trial commenced on 1 September 2014 and runs for 12 months till 31 August 2015. DWP pay directly for a full-time project manager and for an additional housing support co-ordinator and have provided £45,000 for housing support provider costs. The council has therefore not needed to make any expenditure from its original budget of £180,000 for this service provision to date.
- 4.16 Referrals are now being made not just from Job Centres, but also from NHS addictions team, NHS homeless team, Scottish Welfare Fund team and by ACHA. Volumes of referrals are expected to increase significantly for the remaining period of this trial, and we anticipate needing a further housing support co-ordinator post to manage these referrals. The cost of this for 6 months would be £20k.

Proposal 6b – Additional through care workers to assist looked after children.

4.17 The proposal was to have an additional 4 temporary through care workers in 2014/15 to work with the Council's looked after children and former looked after children many of these are also struggling with literacy and IT skills, and money and debt management. Unfortunately these posts were only job evaluated in December 2014 and the Children and Families service is still recruiting to fill them. They are expected to be filled on 1 year contracts in March 2015 with costs as originally anticipated at £120,000.

New proposal – welfare rights officer

4.18 The current funding for an additional welfare rights officer ends at 30 June 2015. The service has indicated that demand is not declining and they have a continuing need for this service, particularly to support those transitioning to Personal Independence Payments which is rolling out very slowly in this area. There would be considerable advantage in extending the current post to 31 March 2016 and the cost for this is estimated at £25k.

New proposal – to extend Scottish Welfare Fund support

4.19 In the first 11 months to 28 February 2015 we spent £397,769 on new applications out of an available budget of £410,109. Only £12,340 remains available for support in March. Expenditure in February was significantly more than expected despite having reduced the priorities being supported to high and medium claims only from 1 January 2015. Priorities supported for March are therefore restricted to high priority claims only. Despite this reduction in priorities being supported, an overspend is expected because of the level of claims already approved - 46 claims were only part paid at end of February. Approval is requested to utilise the remaining unallocated amount of £33.7k to accommodate these high priority claims so that none go unsupported.

Summary of proposals, spend to date and committed amounts

4.20 A summary of the above proposals is set out in the table below:

Proposal description	2013/14 Actuals £000s	2014/15 Actuals/ Committed £000s	2015/16 Proposed £000s	Total £000s
Estimate of DHPs beyond DWP funding level	26.7	0		26.7
Tenants incentive scheme	0	22	3	25
Support materials	0	30	0	30
Digital access expansion – wifi in selected schools and additional courses delivered by CLD	0	40	80	120
One-off assistance to a credit union to set up in Argyll and Bute	0	0	0	0
Bute Advice Centre support	0	20	30	50

Acha bid to Peoples and Communities Fund		0	10	10
Personal budgeting support through housing support contracts	0	0	110	110
Additional through care workers	0	0	120	120
Additional welfare rights officer for 9 months	0	0	25	25
Extension of Scottish Welfare Fund support March 2015			33.7	33.7
Total	26.7	112	411.7	550.4

Carry forward of the funding

- 4.21 Approval is therefore requested to continue to carry forward the balance of these funds as earmarked reserves. The balance at 31 March 2014 is estimated at c £411,700. These would be used for the purposes outlined above.

5.0 CONCLUSIONS

- 5.1 This report seeks approval to continue to carry forward the unspent balance as earmarked reserves which will be utilised to support the remaining period of the USDL trial which concludes on 31 August 2015, and to continue this work until the end of the 2015/16 financial year. More money is allocated to digital access expansion as the demand for this has been higher than anticipated. The allocation for personal budgeting support has been reduced as some of this is being paid for by DWP as part of the USDL trial, and uptake has been slower than expected. It has not proved possible to identify practical ways to encourage credit union expansion and expenditure in this area is no longer anticipated. Approval is now sought to allocate some of the underspend to continued support of the excellent work being carried out by the Bute Advice Centre, and to provide additional welfare rights support where demand levels are high and to provide extended support to users of the Scottish Welfare Fund.

6.0 IMPLICATIONS

- 6.1 Policy: In line with existing policy for DHPs. In line with corporate plan corporate objective 1 – working together to realise the potential of our people.
- 6.2 Financial: This paper provides proposals on utilising the balance of the monies received from Scottish Government in March 2014 of £550,390 which were carried forward as earmarked reserves. It also seeks approval to carry forward the unspent balance of the DHP monies from Scottish Government received in 2014/15 (estimated at £140k) to be spent on DHPs in 2015/16 to offset an expected reduction in support in that year.
- 6.3 Legal: None
- 6.4 HR: None
- 6.5 Equalities: Groups with protected characteristics are expected to benefit particularly from these proposals as they are more highly represented in benefit claimants adversely affected by welfare reforms
- 6.6 Risk: These proposals reduce the risk of more major interventions being required to support these vulnerable families at a later stage and will enable them to be better prepared for the introduction of Universal Credit in our area.
- 6.7 Customer Service: These targeted interventions provide valuable support to vulnerable citizens.

Douglas Hendry
Executive Director Customer Services
5 March 2015

Policy Lead: Councillor Dick Walsh

For further information please contact Judy Orr, Head of Customer and Support Services Tel 01586-555280 or Fergus Walker, Revenues and Benefits Manager Tel 01586-555237

Background papers

Welfare Reform: Council 21 March 2013

Proposals to utilise Scottish Government Funding for Welfare Reform and

Discretionary Housing Payments: Council 13 February 2014

Discretionary Housing Payments Policy: Policy & Resources Committee 21 August 2014