

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 additional grant monies by the Scottish Government in March 2014 to be used in order to provide additional Discretionary Housing Payments (DHPs) to mitigate the impact of the spare room subsidy also known as the “bedroom tax” in Argyll and Bute. This was additional to the core DHP funding provided by The Department of Work and Pensions (DWP). In March 2015 Policy & Resources Committee approved the carry forward of the balance of earmarked funds estimated at £411.5k and a number of proposals for their use related to welfare reform mitigations. It also approved the carry forward of the balance of DHP monies estimated at £140k into 2015/16 to be used to maintain current priorities supported.
- 1.2 This report provides an update on the spending against welfare reform mitigations and estimates that £232,100 will be unspent at 31 March 2016. It seeks approval for the carry forward of the unspent balance to be used in a continuation of this work. This would plug the gap before the European Social Fund funding streams become available. These funding streams have been delayed and are now expected to result in new services from January 2017 at the earliest. Updated proposals are presented for the use of the balance of the earmarked reserves.
- 1.3 In 2015/2016 the new allocation for DHPs from DWP was £371,352 (a 9.3% reduction on 2014/2015 levels). The initial allocation from Scottish Government is £65,991. The carry forward underspend from 2014/15 was £138,368. So the total for DHP was £575,711 for 2015/16. Our updated estimate is that there may be c. £30,000 unspent at 31 March 2016, which could be carried forward to 2016/17.
- 1.4 In his Autumn Statement the UK chancellor announced a number of further changes which are expected to increase the demand for DHPs in 2016/17. These include the restriction of housing benefit for those in temporary accommodation and also the reduction in the benefit cap from £26,000 to £20,000 due to come into force in Autumn 2016. DWP has recently advised us that there will be between 0 and 199 families affected by the benefit cap in our area. DHP funding announced for 2016/17 totals £461,901. This will be added to in June by the final distribution of 2015/16 funding from Scottish Government estimated at £95,329, giving a total of £557,230. With the expected increased demand as described above, this is likely to be insufficient to maintain current priorities and so approval is requested for the carry forward of the expected underspend of £30k from this year end.

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

2.0 INTRODUCTION

- 2.1 The Council was allocated additional grant monies by the Scottish Government in March 2014 to be used in order to provide additional Discretionary Housing Payments (DHPs) to mitigate the impact of the spare room subsidy also known as the “bedroom tax” in Argyll and Bute. This was additional to the core DHP funding provided by The Department of Work and Pensions (DWP). In March 2015 Policy & Resources Committee approved the carry forward of the balance of earmarked funds estimated at £411.5k and a number of proposals for their use related to welfare reform mitigations. It also approved the carry forward of the balance of DHP monies estimated at £140k into 2015/16 to be used to maintain current priorities supported.
- 2.2 This report provides an update on the spending against welfare reform mitigations and estimates that £232,100 will be unspent at 31 March 2016. It seeks approval for the carry forward of the unspent balance to be used in a continuation of this work. Approval is also requested for the carry forward of the expected underspend of £30,000 DHP monies from this year end.

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 2016 of £232.6k from the balance of Scottish Government funding for DHPs of £464.7k in March 2015.
- 3.2 The Committee approves the continued carry forward of the balance of this as earmarked funds estimated at £232.1k 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 unspent 2015/16 DHP monies estimated at £30,000 as earmarked funds to be used to fund DHP payments in 2016/17 in order to help maintain current priority levels into 2016/17.
- 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

4.1 There are two figures for earmarked reserves that relate to the government's welfare reforms and to the Discretionary Housing Payment (DHP) spend. The first is in respect of DHPs which had an opening balance of £138,368. The second earmarked reserve is in relation to wider welfare reforms and had an opening balance of £464,706 at 31 March 2015.

DHPs

4.2 At the end of January 2016, the council has paid and committed a total of £524,256 which exhausts the total funding from DWP and Scottish Government available for the year. We have £51,455 remaining in the fund including the carry forward funding from last year of £138,368. There are a total of 23 applications outstanding or requiring further information at the end of January. Nearly all the awards to date (84.8% by value) have been for bedroom tax cases and there are still another 12 of these cases awaiting processing.

4.3 Expenditure is being kept under very close review. Levels of monthly spend have dropped significantly with only £9,511 being paid/ committed in January. At this rate of spend we could have c. £30,000 remaining of our earmarked reserve to be carried forward to 2016/2017.

4.4 In his Autumn Statement the UK chancellor announced a number of further changes which are expected to increase the demand for DHPs in 2016/17. These include the restriction of housing benefit for those in temporary accommodation and also the reduction in the benefit cap from £26,000 to £20,000 due to come into force in Autumn 2016. DWP has recently advised us that there will be between 0 and 199 families affected by the benefit cap in our area.

4.5 DHP funding announced for 2016/17 now totals £461,901. This will be added to in May or June by the final distribution of 2015/16 funding from Scottish Government estimated at £95,329, giving a total of £557,230. This is only £11k higher than our estimate of 2015/16 spending of £545,711 and is not expected to be sufficient to cover the new benefit cap pressures. We therefore request approval to carry forward the estimated £30,000 unspent earmarked reserve plus £95,329 still to be distributed by the government to provide further support for non-bedroom tax cases in 2016/17.

4.6 The table below summarises the position with respect to DHP earmarked reserve:

	Planned Spend 2015-16 £	Est. draw down £	Remaining Balance £
Discretionary Housing Payments	138,368	108,368	30,000

Wider Welfare Reforms Mitigations

4.7 In terms of the earmarked reserve set-a-side for the wider welfare reforms, £464,706 was carried forward from 2014/2015 following approval of Policy and Resources Committee in March 2015. The table overleaf shows the updated spend in 2015/2016 and the balance remaining:

Ref	Proposal description	Planned Spend 2015-16	Drawn Down to Budget	Remaining Balance	Comment
1	Tenants Incentive Scheme	25	3	22	Fully spent. £22k not drawn down in 2014/15 as covered by other budgets.
2	Digital Access Expansion	80	90	(10)	£80k spent. Additional £10k being allocated to cover shortfall to end of year
3	Bute Advice Centre	30	30	0	Fully committed to 31 March 2018 @ £10k p.a.
4	ACHA Bid in relation to Welfare Rights project	10	10	0	Fully spent
5	Personal Budgeting Support (PBS). Universal Services Delivered Locally (USDL) trial	110	10	100	Fully funded by DWP to December. £10k allocated to Housing to end of year.
6	Additional Throughcare Workers	120	56.9	63.1	Posts only filled by Children & Families in July 2015
7	Additional Welfare Rights Officer	25	25	0	Fully committed/spent
8	Extension of Scottish Welfare Fund Support	33.7	0	33.7	Money not drawn down as contained within 2015/16 spend.
9	Support materials	31	7.7	23.3	Costs less than anticipated
	TOTAL	464.7	232.6	232.1	

Proposal 1 –Tenants Incentive Scheme

4.8 A limited HOMEArgyll Tenants Incentive Scheme was agreed to incentivise tenants who are impacted by the removal of the spare room subsidy (bedroom tax) to downsize. The scheme offers an incentive of £500 for those considering a transfer. The funds were used to remove financial barriers faced by tenants in moving. 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 by the Scottish Government has reduced uptake. Expenditure of £25,000 has been achieved (50 households). It is proposed to close the scheme with effect 31 March 2016.

Proposal 2 – Expansion of Digital Access across Argyll and Bute

4.9 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 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. A budget transfer of £80k was made in order that the service could be provided in 2015/16. A further £10k is required to meet demand to the end of the year. This included the provision for a training co-ordinator at £30k to handle the additional caseload. Universal Credit goes live in March 2016 and it is anticipated that there will still be a need for this service in the coming year. Therefore **£80k** is set-a-side to provide funding to allow this service to be delivered in 2016/2017. In future it is expected that this type of assistance could be funded from a combination of European Social Fund funding streams.

Proposal 3 – Support Bute Advice Centre

- 4.10 Money was allocated to support Bute Advice Centre to assist them to continue to operate in providing critical welfare advice of £30,000 p.a. for 3 years to 31 March 2018. The first year is funded from these earmarked reserves with the later years being funded from Development & Infrastructure budget. 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. This will continue as already planned and approved.

Proposal 4 - ACHA bid to Peoples and Communities Fund

- 4.11 £10,000 was given ACHA as match funding to support their bid to the Peoples and Communities Fund. They are now bidding for continuation funding and it is proposed to offer them a further **£10,000**. If successful, this bid would allow ACHA to continue their welfare rights service to their tenants throughout 2016/2017. 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.

Proposal 5 – Personal Budgeting Support

- 4.12 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 benefit claimants through all the Job Centres in our area. 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 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 ended after 15 months on 31 November 2015. DWP paid 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 allocation of £110,000 for this service provision to date.
- 4.13 A new delivery partnership arrangement is being put in place for the Council to support the implementation of Universal Credit on 7 March 2016 and provides some limited funding for a continuation of this service. New services will be provided through the Big Lottery Fund. These have been delayed and are now expected to come into operation in January 2017. (These services will be procured through a competitive tender and the Council intends to facilitate a bid from local

third sector groups for this work). The funding from DWP provides just 2 hours support per case which is not sufficient – we have typically provided between 6 to 12 hours support per household for this work. We are therefore seeking to allocate the sum of **£20,000** to supplement the DWP funded provision until January 2017. Failure to provide this resource could jeopardise our chances of securing the additional Big Lottery Fund resources in 2016/2017.

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

- 4.14 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 filled by Childrens & Families Service in July 2015. We have drawn down £56,900 and it will be necessary to carry forward **£49,400** to cover the costs in order to fund the posts for the anticipated full 12 months from their start dates.

Proposal 7 – Welfare Rights Support

- 4.15 The funding for an additional welfare rights officer ended at 30 June 2015 and a further £25k was provided to extend the post to 31 March 2016. The service has indicated that demand is not yet declining and they have a continuing need to support those transitioning to Personal Independence Payments which are rolling out very slowly in this area and is expected to continue into 2017. The service would benefit from resource to fund two temporary Welfare Rights Assistants at LGE6 to cover the Helensburgh and Islay localities. This will cost **£52,700** in 2016/2017.

Proposal 8 – to extend Scottish Welfare Fund support

- 4.16 Approval was granted to utilise £33.7k to accommodate these high priority claims for the Scottish Welfare Fund because of higher than anticipated demand at the end of 2014/2015. The final overspend amounted to £10,640 and a further spend on 2014/15 applications of £26,453 has been incurred in 2015/16, just slightly higher than anticipated. The service was able to meet the cost without needing to draw down the monies. Current projections are that no overspend is anticipated at 31 March 2016.

Proposal 9 – 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

- 4.17 The requirement was to map out all the points where those affected by welfare reform require support – effectively documenting the customer journey. This was then expanded to include a database of service provision across the Argyll and Bute area. The work was carried out by Arneil Johnson and has proved very worthwhile. There are no further requirements for this.

New Proposal 10 - Support for the Argyll Networks Project

- 4.18 The Argyll Networks project provides vital crisis intervention and support to tenants of Fyne Homes, West Highland Housing Association and Dunbritton Housing Association. They employ 2.5 FTE crisis intervention support workers to assist tenants who are in crisis by providing money advice and welfare rights support and a range of training to help tenants gain critical skills to maintain their tenancies.

4.19 The project was originally funded by a grant from the Big Lottery Fund which ends on 31 March 2016 and, like ACHA, they have an opportunity to apply for continuation funding. There is a requirement for the service to continue for a further year to 31 March 2017. The service is valued by their tenants and if not provided, their tenants would be sign posted to the council's own welfare rights service which would struggle to cope. It is proposed that the Council provide £10,000 to be used as match funding for the continuation application. This will help plug the gap before the Big Lottery Fund/European Social Fund contract is awarded.

Summary of proposals

4.20 A summary of how the unspent monies could be utilised is set out below:

Ref	Proposal description	2016/2017 Proposed £000s
2	Digital access expansion – additional courses delivered by Adult Learning & Literacy	80.0
4	ACHA bid to Peoples and Communities Fund	10.0
5	Personal budgeting support through housing support contracts	30.0
6	Additional through care workers	49.4
7	Additional welfare rights assistants for 12 months	52.7
10	Argyll Networks bid to Peoples and Communities Fund	10.0
	TOTAL	232.1

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 2016 is estimated at £232,100. These would be used for the purposes outlined above.

5.0 CONCLUSIONS

5.1 The funds have not been fully utilised in 2015/16 as originally planned for a number of reasons explained above. This report seeks approval to continue to carry forward the unspent balance as earmarked reserves which will be utilised to support claimants affected by the government's welfare reforms. Proposals are put forward for how these remaining funds could be utilised.

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. It also seeks approval to carry forward the unspent balance of the DHP

monies from Scottish Government received in 2015/16 to be spent on DHPs in 2016/2017 to offset pressures from the reduction in the benefit cap.

- 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
24 February 2016

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

Scottish Government funding for Welfare Reform and Discretionary Housing Payments – report on spend to date and future proposals: Policy & Resources Committee 19 March 2015