

**PROPOSALS TO UTILISE SCOTTISH GOVERNMENT FUNDING FOR WELFARE REFORM AND DISCRETIONARY HOUSING PAYMENTS**

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**1.0 SUMMARY**

- 1.1 The Council has been allocated an additional £550,390 from the Scottish Government to be paid over in March 2014 to be used in order to provide additional Discretionary Housing Payments (DHPs), provided these totals are kept within the statutory limit. This is additional to the core DHP funding of £370,656 provided by DWP. Councils are allowed to spend beyond the core funding up to a statutory limit set at 2.5 times the funding provided by DWP but generally have not had the budget to spend beyond the amounts provided by DWP. The Scottish Government funding is provided to bridge this gap. It is also being provided in recognition of the financial pressures that have been placed upon authorities by Welfare Reform.
- 1.2 It is now unlikely that much of these additional monies will be required for core DHPs in 2013/2014. These monies will however be required to mitigate against the broader impacts of welfare reform. The monies will be paid as General Revenue Grant and can, with Members approval, be carried forward to 2014/15 to be used for this purpose. The paper puts forward a range of proposals for utilising these monies for approval. These proposals have been developed by the Council's Welfare Reform Working Group.

**2.0 RECOMMENDATIONS**

- 2.1 Council is asked to approve the following proposals for use of the Scottish Government funding to be received in 2013/14:
- 2.1.1 To pay all DHP applications for medium and high hardship cases across all priority groups for 2013/14 and 2014/15. It is estimated that this will cost c £50,000 beyond the funding provided by DWP. If more funding is required above this estimate, this will reduce the monies available for 2.1.6 below.
- 2.1.2 To provide a tenants incentive scheme to enable up to 50 households in 2014/15 and 50 households in 2015/16 to move to a smaller property thereby removing them from being affected by the spare room subsidy. An incentive payment of £500 to be made to each selected qualifying HOMEArgyll tenant to be spent as they wish.
- 2.1.3 To provide a range of comprehensive support material for those affected by welfare reform in a range of formats including where further help can be

obtained locally at an estimated cost of £30,000. This is further described at paragraphs 3.10 to 3.12.

- 2.1.4 To provide guest public wifi access in a number of selected rural schools to enable IT literacy courses to be delivered in these locations at a cost of £40,000 in 2014/15.
  - 2.1.5 To provide assistance to a credit union who may be willing to come into the Argyll and Bute area and offer a transactional banking service and money management support services to those who are unable to access such services from the banks or for whom such services are unsuitable. Such assistance to be mainly by way of in kind support through the customer service point network with up to a further £30,000 to support one-off setting up costs in 2014/15.
  - 2.1.6 To tender a contract to provide crisis prevention and intervention support throughout Argyll and Bute to tenants and others adversely affected by welfare reform impacts as described at 3.18 to 3.25 below for the balance of the initial funding available estimated at £300,000, with a possibility of extension dependent on further funding to be received for 2014/15.
- 2.2 Council approves the proposed amendment to the DHP policy set out at paragraph 3.6.
  - 2.3 Council approves the carry forward of the balance of the £550,390 after all DHP applications for medium and high hardship cases across all priority groups have been awarded for 2013/14 as earmarked funds. It is estimated that c £50,000 beyond the funding provided by DWP will be required for this purpose, reducing the earmarking balance to c £500,000. These earmarked funds will then be used as approved at 2.1 above.
  - 2.4 To require a further report to be brought back to a future Council meeting on the progress with each of the proposals approved at 2.1 above, along with further proposals on how the funding to be received in 2014/15 should be allocated.

### **3.0 DETAIL**

#### Background

- 3.1 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. 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. Payments have been extended to cover the full year for all applicants affected by the removal of the spare room subsidy rather than being restricted to the usual 13 week or 26 week period and backdating has also been allowed for these cases back to 1 April 2013.

- 3.2 At the time that the policy was agreed the funds available for DHP were £152,601 for 2013/14. Subsequently it was announced that an error had been made and the allocation to this Council should only have been £118,343. At the same time it was announced that we would receive £252,313 of £5m being distributed to the 21 most sparsely populated areas. This brings our revised total funding to £370,656. The legal maximum that can be spent on DHPs is 2.5 times this amount and is £926,640 for this council. Recognising that councils generally did not budget for DHPs beyond the amount provided by the DWP, the Scottish Government announced on 2 October an additional £550,390 to be paid over in March 2014 to be used in order to provide additional Discretionary Housing Payments (DHPs), provided these totals are kept within the statutory limit. This means that we now have funding to be able to pay out up to £921,046 in DHPs.
- 3.3 At 31 January 2014 we have paid out and committed a total of £308,999 having processed 805 applications and made 604 awards. A further 125 applications were awaiting processing. This compares with a profiled spend year to date of £309k. Whilst most tenants affected by the under-occupancy restrictions have now lodged a claim for DHPs, there are still some who have not yet done so and who are in difficulties with their rents. Recognising this, we have now agreed with the registered social landlords (RSLs) that they can (with their tenant's permission) submit a claim on behalf of their tenant. These claims are based on evidence of hardship based on the level of their rent arrears and possible threat of eviction. There is no requirement for them to provide income and expenditure details for these tenants. The backlog of applications and the new ones from RSLs will be caught up in February. We are recruiting two additional members of staff to concentrate on processing DHPs. This is being funded from one-off grant monies from DWP. We are therefore confident of spending the full amount of the allocation from DWP. This is important as if the funding is not fully spent, it has to be returned to DWP.
- 3.4 Next year's allocations for DHP were announced on 29 January. Our allocation is £409,580 – an increase of just over 10%. The Scottish Government has announced that they will contribute £20m to Scotland in 2014/15 to top up the DWP allocation by 150%. This is the same level as being provided in March 2014. It is therefore possible that next year we will receive a very similar amount of funding from the Scottish Government.

**Proposal 1 – Offer DHP's beyond the DWP funding level and for more than 52 weeks**

- 3.5 As set out at 3.2 above, DHP funding has been substantially increased since the DHP policy was approved in March 2013. The policy allowed for DHP to be granted for periods of 13 or 26 weeks, and "in truly exceptional circumstances, it may be appropriate to extend the award for a further 26 weeks." No provision was made to extend awards for a longer period. It is now clear that the majority of tenants affected by the removal of the spare room subsidy in 2013/14 will continue to be affected by this in 2014/15 and possibly beyond. Few have been able to move to a smaller property or take in a lodger or move into work or increase their working hours to remove them from the impact of the under-occupancy restrictions. It is recognised that this is particularly challenging in a rural area like Argyll and Bute. These challenges are not changing significantly

going forward. DWP and Scottish Government are now both recognising this and making more funding available, particularly for rural areas.

- 3.6 It is therefore proposed to amend the policy to amend section 6.0 on period of award to read as follows:

*“The period of award of a DHP will normally be:*

- For a minimum period of 13 weeks unless there are exceptional circumstances where it can be for a shorter period,*
- For not more than 26 weeks except where the claimant is subject to under-occupancy restrictions, or there are other exceptional circumstances.*
- Where there are exceptional circumstances, a full review of the claim must be carried out prior to any extension. Such an extension may be for a further period of up to 26 weeks, making a total of a maximum of 52 weeks for any continuous award.*
- For claimants subject to under-occupancy restrictions, an initial award can be made for up to a full 52 weeks if that appears appropriate and the award may also be backdated to 1 April 2013 or such later date when the under-occupancy restriction commenced. The award may be extended following a full review of the claim for a further period of up to 52 weeks.”*

This replaces the text commencing with *“the period of award of a DHP will normally be:”* and ending with *“to extend the award for a further 26 weeks.”*

- 3.7 As detailed above at 3.4, it now appears that the demand for DHPs from tenants in medium and high levels of hardship will exceed the DWP funding level of £370,656. This should be the first priority for using the additional funding being provided by the Scottish Government as it reflects the primary purpose of this funding. A further £50,000 is estimated to be required in order to meet all these claims. Flexibility is requested from the Council to extend this so that all such claims can be met. Any excess over the estimate of £50,000 will reduce the amount available for proposal 6 below.

- 3.8 Some local authorities have decided to meet claims from anyone affected by the under-occupancy restrictions irrespective of whether this causes any degree of hardship. We have not awarded any claims to those classed as being in low hardship as these tenants appear able to meet the shortfall in their housing benefit from existing resources. The proposals below would make better use of the funds available and mitigate some of the other adverse impacts of welfare reform.

## **Proposal 2 – Expansion of Tenants Incentive Scheme**

- 3.9 A limited HOMEArgyll Tenants Incentive Scheme has been 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 and by the start of January 14 households had already applied for and been granted this payment. The scheme has been very popular with registered social landlords and their tenants. It is therefore proposed to offer an expansion to the trial scheme.

- 3.10 Discussions with the registered social landlords suggest that it would be reasonable to expand this scheme to offer it to 50 households in a year. The amount of the incentive would remain at £500 for each household.

**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**

- 3.11 The initial requirement is 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.
- 3.12 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).
- 3.13 This could be carried out by a graduate intern with marketing skills. Costs for an intern for 6 months along with a reasonable budget for printing would be £30,000.

**Proposal 4 – Expansion of Digital Access across Argyll and Bute**

- 3.14 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 mapped the existing provision and these details are being published on the council's website once the details have been fully checked. There are many gaps in coverage particularly in rural areas. Whilst the roll out of Universal credit has been delayed and is not expected to start for earnest in Argyll and Bute until 2015/16, claimants now are expected to sign a much more stringent claimant commitment which includes the equivalent of 35 hours per week on job search and this will undoubtedly mean they need enhanced IT skills and internet access.
- 3.15 The council is currently working on providing wifi access using a public VPN in all libraries and this will be rolled out by end of March, and no additional budget is needed for this. There is an opportunity to look at enabling similar type of

connections in certain schools in remote areas so that these schools could be used by Community Learning and Development to deliver IT literacy courses. This could be done by enabling Guest access in the same way as this is provided at council offices. There will be no additional cost as the infrastructure necessary for this is already in the capital programme and is currently being rolled out. It may require the programme to be re-jigged to prioritise particular schools. Currently these schools do not have public VPN enabled and there may also be a requirement for additional bandwidth as a proportion of bandwidth has to be allocated to each VPN on a permanent basis. A revenue budget will be required to cover the cost of additional janitorial cover and staff time in delivering these courses. This is estimated at £40,000 for 2014/15.

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

- 3.16 The main credit unions operating within Argyll and Bute are Scotwest Credit Union and the Bute Credit Union. Scotwest only provides services to those in employment who can remit monies into a credit union account through salary deduction operated by their employer. The Bute Credit Union operates a service only within Bute although it has made a bid for funding from the Big Lottery Support and Connect Fund in order for it to extend into Cowal. It has no ambitions to extend further across Argyll and Bute, or to start to offer transactional banking services. Certain larger credit unions now offer a transactional service aimed at those who find it hard to secure a traditional transactional bank account facility. DWP is working with credit unions at a national level and will provide funding for expansion based on the numbers of new transactions handled.
- 3.17 Credit Unions undoubtedly provide a very valuable service to those people for whom traditional banking facilities fall to meet their needs. Such facilities would help to keep such folk away from taking out payday loans at exorbitant interest rates when they incur the inevitable unexpected expenses that occur from time to time. Council is asked to support 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. Such assistance would be mainly 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. We will bring a further report back to Council on progress with this piece of work.

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

- 3.18 Recently the West Highland Housing Association (WHHA) was successful in a bid for Big Lottery Support and Connect Funding to provide support to their tenants and those of Fyne Homes and Dunbritton Housing Association. This provides Crisis Intervention Workers (CIW) to offer trusted practical support with an emphasis on developing the financial understanding and capabilities of tenants on low and transitioning incomes. This will include finance related IT outreach training sessions and to promote and facilitate access to the area's existing support networks including energy, welfare and employability advice services. The project will also develop links with the local, voluntary starter pack groups by enhancing capacity and assisting providers to cope with increasing demand for their service through better marketing, more variety of starter packs and support for the high running costs incurred when working in dispersed rural areas. The WHHA project

provides 2.6 FTE CIW based in Helensburgh, Oban and Rothesay providing support to tenants of the 3 housing associations involved in the project. This is a valuable project which the Council supported by providing funding for the consultancy to develop the bid proposal. This was met from the balance of the transitional funding described at 3.9 above.

- 3.21 The above project however does not address the needs of tenants of other social sector landlords or of tenants in the private rented sector, and there would be three times as many of these. Certain vulnerable tenants already receive support from the council's housing support contracts which focuses on generic tenancy support. However these contracts were put in place before the impact of the recent welfare reforms which have already increased needs and it is expected that these will increase further as DWP rolls out claimant commitment and Personal Independence Payments (PIP), and then Universal Credit is implemented in due course.
- 3.22 The effects of the increased severity of the benefits sanction regime are already being felt, resulting in many more people needing support from food banks. This is reflected in the Scottish Government report "Overview of Food Aid Provision in Scotland" published in December 2013. It is noted that there have been meetings in a number of our main towns to consider setting up new food banks in response to this unmet demand. The Council's debt management officers report an increase in court work but a severe shortage in early financial advice intervention which would prevent the kind of spiralling debt which can result in low income, low asset (LILA) bankruptcy. Registered Social Landlords, Housing Services and Citizen Advice Bureau staff report increasing numbers of people in hardship evidenced by increasing rent arrears, inability to afford travel to support services, cuts in fuel supply; and increased demand for housing starter packs.
- 3.23 It is therefore proposed to put new contracts in place to provide additional support to tenants and others adversely affected by welfare reform impacts. The existing housing support contract providers would be able to bid for these contracts and might well see these as a natural extension to their current work. These contracts would be managed by Community and Culture in the same way as they manage the housing support contracts. The scope of the new contracts would be similar to the service delivered by WHHA's CIWs.
- 3.24 It is proposed that referrals to the new service providers would be made by a number of council services at the various touchpoints where these customers are assessed as needing support. This would be based on the mapping of the customer journey described at paragraph 3.10 above. For example, needs might be uncovered when customers contact the council to make an application for a crisis grant – particularly if it is a repeat application which suggest a difficulty in managing their budget. Other needs may be discovered when a tenant goes into 8 weeks rent arrears or is classed as vulnerable and payments are re-directed to the landlord; or, for example, when someone is being given IT literacy skills from Community Learning and Development; or if they approach welfare rights for assistance. Guidance would be provided to ensure that this triage is done on a consistent basis. From whichever touchpoint the need is uncovered, they would then be referred through a common process for holistic support from someone who would have the time needed to develop the necessary trusted relationships. The support worker would utilise the range of materials developed as part of Proposal 3 above.

- 3.25 Full details of the service would be set out in the contract specification which would also describe the contract monitoring arrangements to ensure that it was delivering the desired outcomes. The overall aim would be to provide the referred folk with the necessary skills in money and debt management, and to help them towards employment. This recognises that with the exclusion of the particular services aimed at school leavers, there is no pre work programme employability service in Argyll and Bute. IT and literacy skills are seen as key employability skills and should be addressed as part of this.
- 3.26 In addition to the service to be provided under contracts to be managed by Community and Culture, there is another client group with very similar needs – these are the Council’s looked after children and former looked after children. There are c 200 families involved with an additional 40 former looked after children and many of these are also struggling with literacy and IT skills, and money and debt management. The best way to support this client group is to extend the number of through care workers. The proposal is to have an additional 4 temporary through care workers in 2014/15 to address the needs of this client group. These would be managed by the Children and Families service and will also draw on the same range of materials described at Proposal 3 above.
- 3.27 Resources for this project would be the balance of the funding left after proposals 1 to 5 above if they are all accepted. The estimate of that would be £300,000 in 2014/15 being the estimated balance from the initial £550,390 funding.

Summary of proposals for Scottish Government funding

- 3.28 A summary of the above 6 proposals is set out in the table below:

<b>Proposal description</b>	<b>2013/14 £000s</b>	<b>2014/15 £000s</b>	<b>2015/16 £000s</b>	<b>Total £000s</b>
Estimate of DHPs beyond DWP funding level	50	50		100
Tenants incentive scheme	0	25	25	50
Support materials	0	30	0	30
Digital access expansion – wifi in selected schools and additional courses delivered by CLD	0	40	0	40
One-off assistance to a credit union to set up in Argyll and Bute	0	30		30
Crisis intervention and prevention support:				
- New housing support contracts	0	180		180
- Additional through care workers	0	120		120
<b>Total</b>	<b>50</b>	<b>475</b>	<b>25</b>	<b>550</b>



### Carry forward of the funding

3.28 It is not expected to be able to implement the proposals outlined above in the current financial year which the exception of the continued processing of all DHP applications at high and medium hardship (proposal 1 above). It is also noted that the funds will not be received from the Scottish Government until mid March. Approval is therefore requested to carry forward the balance of these funds not required for DHPs in 2013/14 as earmarked reserves. The balance is estimated at c £500,000. These would be used for the purposes outlined in this report if approved.

### Future funding

3.29 At this stage the allocation of the further funding to be provided by the Scottish Government in 2014/15 is unknown. We also do not yet know how much will be provided in core DHP funding by DWP for 2014/15. It is therefore proposed to bring back a report to a later Council meeting with more detailed proposals for using that funding along with a progress update on achievements from the initial funding.

## **4.0 IMPLICATIONS**

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| 4.1 | 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.  |
| 4.2 | Financial:        | This paper provides proposals on utilising monies from Scottish Government to be received in March 2014 of £550,390 as general Revenue Grant.  |
| 4.3 | Legal:            | None   |
| 4.4 | HR:               | None   |
| 4.5 | 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 |
| 4.6 | Risk:             | These proposals reduce the risk of more major interventions being required to support these vulnerable families at a later stage   |
| 4.7 | Customer Service: | Mapping interventions onto the customer journey and providing support on a holistic basis should provide an improvement in customer service.   |

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**4 February 2014**

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Background papers

Welfare Reform: Council 21 March 2013

Discretionary Housing Payments Priority Groups Council 21 March 2013