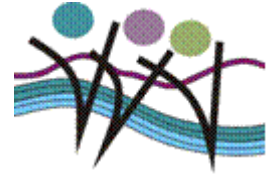


# Orkney Community Planning Partnership

## Welfare Reform Working Group

### Welfare Reform Update No 12 – March 2014



#### 1. Introduction

- 1.1 The Welfare Reform Working Group was set up in August 2012 under the Orkney Community Planning Partnership to discuss the implications of the Government's welfare reforms.

#### 2. Welfare Reform Updates and Website Presence

- 2.1 As well as providing the group with regular Welfare Reform progress updates the Council's website acts as single source of information and links on all aspects of welfare reform - and can be accessed at <http://www.orkney.gov.uk/Council/C/welfare-reform.htm>

#### 3. Universal Credit

- 3.1 Initially due to be rolled out nationally from October 2013, and to be completed by 2017. In December 2013 the Department for Work and Pensions (DWP) confirmed that there have been delays in the rollout schedule. They now advise that Universal Credit (UC) will be fully available in each part of Great Britain during 2016, having closed down new claims to the benefits it replaced. As a result, the service will go live in all local authority areas during 2016, with the majority of the remaining caseload moving to Universal Credit during 2016 and 2017.
- 3.2 The DWP has advised that the number of Jobcentres involved will slowly be expanded, and that the six Jobcentres originally identified as pilots, including Inverness, would be 'live' by spring 2014. Inverness jobcentre started taking UC claims on 25 November 2013.
- 3.3 Following implementation in Inverness, Highland Council have provided some notes on their experience, as follows:
  - 3.3.1 There are less than 20 new cases per week.
  - 3.3.2 The primary channels to claim Universal Credit will be online or by telephone, with face to face exceptional circumstances. The contact phone number for making a claim is a 0845 number which attracts premium call rates. The accessibility to online services in Highland and premium call rates mean there is an immediate barrier for claimants accessing services.
  - 3.3.3 There is no statute in place which allows for data sharing between the DWP and landlords. We will be reliant on the claimant notifying changes at the relevant

time to the DWP to ensure correct benefit entitlement. This means that the Council will not know that a tenant is in receipt of Universal Credit unless they tell us themselves.

3.3.4 DWP has indicated it could take up to three months before direct payments are directed to landlords, depending on the level of arrears when the application for switchback is made.

3.3.5 There are significant software issues and concerns in relation to how UC interacts with Council Tax Reduction. Highland Council uses the same software as Orkney and concerns remain over the exchange of information between DWP and software suppliers.

3.3.6 In Summary, Highland Council notes that “It is only the professionalism of our LA staff that is making UC work in the Scottish context”.

3.4 Previously, it was planned that pension age Housing Benefit claimants would move to Pension Credit in each area, at the same time as working age claimants moved to UC. However, plans to include housing costs in Pension Credit have been put on hold whilst the government introduce single tier pensions. This means that Councils will continue to run Housing Benefit services for pension age customers to at least 2017/18.

3.5 In November 2013 the Guardian newspaper published an article in relation to an unpublished DWP research paper on the costs of equipping benefit claimants with the digital and financial skills to use the government's new universal credit welfare system – thought likely to cost hundreds of millions of pounds. Whilst not providing an official comment the article provides some background information that may be of interest - <http://www.theguardian.com/society/2013/nov/21/universal-credit-benefit-training-cost-millions>

3.6 Housing costs will be included in the Universal Credit payment and as such will be paid direct to the claimant. The government recognises that some claimants will need extra support and alternative payment arrangements including a managed payment of the Universal Credit housing element to the landlord can be considered in some cases to help protect tenancies. More details can be accessed from the Council's website at <http://www.orkney.gov.uk/Council/C/universal-credit.htm>

3.7 The DWP has also published a document to consolidate and explain what Universal Credit means for landlords and tenants and to help landlords prepare for direct payments. The document can be accessed at the following link: <https://www.gov.uk/government/publications/universal-credit-and-rented-housing>

3.8 The revised Local Support Services Framework – referred to as the UC Local Support Services Update and Trialling Plan – has now been published. This identifies a direction of travel, and a testing period. It has been confirmed:

- That there will be a Scottish Overarching Partnership Agreement (OPA)
- That the ongoing work will trial block funding as well as outcome based funding

- That Scotland can have a different funding arrangement from England and Wales if necessary
- That the local partnerships will be formed within the context of Community Planning Partnerships
- That DWP will commit to the Local Authorities as the lead partner until 2020.
- Negotiations with DWP and SG have started on the content of the OPA

#### **4. Housing Benefit – under-occupancy reductions (bedroom tax)**

- 4.1 Around 100 tenants in Orkney are affected by reductions in Housing Benefit (HB) at any one time. Due to changing circumstances approximately 150 tenants have been affected at some point during 2013/14 – an overall reduction in HB of just around £65k in Orkney during 2013/14.
- 4.2 Discretionary Housing Payments (DHP) are aimed at providing assistance to tenants affected by the under-occupancy reductions in HB. The total DHP fund for 2013/14 is £68k, of which £67k has already been awarded as at February 2014.
- 4.3 The Scottish Government has produced statistics on Councils DHP fund performance throughout Scotland that is available at the following weblink:  
<http://www.scotland.gov.uk/Topics/Statistics/Browse/Social-Welfare/dhp/DHP30Nov2013>
- 4.3.1 For Orkney the statistics on DHP expenditure in relation to available funding are misleading as they suggest Orkney is not fully allocating its DWP funding of £64k plus the additional £95k funding from the Scottish Government – a total fund of £159k.
- 4.3.2 However, Orkney only required the initial DWP funding of £64k which means that the additional £95k is surplus to Orkney's DHP requirements and will be used to fund other welfare reform needs.
- 4.4 Although the DWP has yet to formally confirm DHP funding from April 2014, during a video conference between the Council and DWP on 28 January 2014 the DWP advised that funding levels for both 2014/15 and 2015/16 should remain at similar levels as in 2013/14, thus providing a safeguard for Orkney tenants.
- 4.5 A successful challenge to the DWP under-occupancy rules means that any tenant who has been continuously in receipt of Housing Benefit since 1996 at the same address should be exempt from the spare room subsidy. In Orkney this affects 4 tenants – 3 Council and 1 OHAL tenant.
- 4.6 A simplified DHP application form is now in use by the Council for those affected by HB under-occupancy and can be accessed at the following weblink:  
[http://www.orkney.gov.uk/Service-Directory/D/Discretionary-Housing-Payments\\_2.htm](http://www.orkney.gov.uk/Service-Directory/D/Discretionary-Housing-Payments_2.htm)
- 4.7 Risks and Challenges:
- 4.7.1 Ongoing challenge to ensure all Orkney tenants apply for DHP.

4.7.2 Mixed message being sent to tenants by changing national policies – to consider moving or not, particularly as DHP funding should secure the shortfall in HB for 2013/14, 2014/15 and possibly 2015/16.

4.7.3 Effect on housing policies and availability of suitable accommodation.

## **5. Council Tax Reduction**

5.1 The UK Government abolished Council Tax Benefit (CTB) from April 2013. In Scotland it has been replaced with Council Tax Reduction (CTR) which mainly replicates previous regulations. However, it is a reduction in Council Tax and is not a benefit.

5.2 Since April 2013 there has been a 7% drop in the number of applicants in Orkney.

5.3 A national Council Tax Reduction Review Panel has been set up to hear appeals. It is an independent body which is an addition to the Scottish Tribunals Service.

## **6. Scottish Welfare Fund**

6.1 The Scottish Welfare Fund (SWF) started on 1 April 2013 to make payments of Crisis Grants (CG) and Community Care Grants (CCG).

6.2 This scheme is administered by the Council and initially set up for a two year interim period to April 2015. Indications are that the scheme may be made permanent.

6.3 The total Community Care Grant Fund available in Orkney is £48k in 2013/14 of which Orkney has awarded £41k in first 11 months.

6.4 The total Crisis Grant Fund available in Orkney is £8.5k in 2013/14 of which Orkney has allocated £2k in the first 10 months.

6.5 Funding to remain at same levels in 2014/15.

6.6 The Scottish Government has issued official statistics of the first six months of the Scottish Welfare Fund and these can be accessed at the following weblink:  
<http://www.scotland.gov.uk/Topics/Statistics/Browse/Social-Welfare/swf>

## **7. The Benefit Cap**

7.1 The Benefit Cap restricts the amount of benefits that someone can receive to £500 per week for couples (with or without children) and lone parents; and £350 per week for single adults with no children.

7.2 Orkney has 3 benefit claimants, including 14 children, who have been affected by Cap, ranging from £42 to £145 per week.

## **8. Concessionary Schemes and “Passported Benefits”**

- 8.1 Many working age benefits are being, or have been, abolished in their current form as part of the welfare reforms and the move to a single payment of Universal Credit. Some of these benefits - for example, Income Support - form the basis of entitlement (or concessions) to other services such as free school meals – and is referred to as a “passported benefit”.
- 8.2 The introduction of Universal Credit – combining several former passported benefits - has raised uncertainty over how it will interact with concessionary schemes. There is no clear central government guidance or solution to this issue at present
- 8.3 The Council is concerned about the lack of clarity in relation to concessionary schemes and is actively looking at ways of implementing interim measures.

## **9. Personal Independence Payments**

- 9.1 From April 2013 Personal Independence Payments (PIP) replaced Disability Living Allowance (DLA) for everyone of working age – being phased in over the period 2013 to 2018.
- 9.2 Although all new claimants have to apply for PIP the process of transferring existing DLA claimants onto PIP has been generally delayed until October 2015.
- 9.3 In February 2014 concerns were raised to the DWP PIP national implementation project team on behalf of the Welfare Reform Working Group about the administration of Personal Independence Payments (PIP) in Orkney and expressing the importance that these are addressed prior to the wider roll out of the benefit.

## **10. State Pension Reforms**

- 10.1 In January 2013 the government announced reforms of the state pension from April 2017 when a new flat-rate state pension may start.
- 10.2 The weekly payment will be £144, plus inflation rises between now and 2017. Presently the full state pension is £107.45 a week, but can be topped up to £142.70 with pension credit, and by the state second pension.

## **11. Single Fraud Investigation Service (SFIS)**

- 11.1 The DWP has confirmed that SFIS will be launched within DWP as a single organisation and implementation will commence in 2014. DWP will start discussions with each Council around 4 months before the changes will take effect.
- 11.2 The DWP are also looking at investing in local government's capacity to tackle non-welfare fraud. This package of support will include extra funding over 2014-15 and

2015-16 which will be able to support new fraud investigator posts in councils focussed on tackling corporate fraud

Document prepared 20 March 2014