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1. INTRODUCTION - WELFARE REFORM WORKING GROUP

- 1.1 The Welfare Reform Working Group (WRWG) was established in August 2012 under the auspice of the Orkney Community Planning Partnership – now called the Orkney Partnership. The group is made up of organisations that share an interest in the government's welfare reforms agenda and the impact that the reforms have on those that they represent.

2. WELFARE REFORM UPDATES AND WEBSITE PRESENCE

- 2.1 The Welfare Reform Working Group receives regular updates, prepared by the Council's Revenues and Benefits Section, to summarise the welfare changes taking place and to raise awareness accordingly. The first update was issued in August 2012.
- 2.2 The Council's website is intended to act as a single source of welfare reform information from which the group, the public and those with an interest in welfare reform can be directed to; and can be accessed at the following weblink:
<http://www.orkney.gov.uk/Council/C/welfare-reform.htm>

3. UNIVERSAL CREDIT

- 3.1 Universal Credit (UC) is the new benefit that replaces the following six working-age UK national welfare benefits (known as legacy benefits):
- 3.1.1 Income-based Jobseekers' Allowance;
 - 3.1.2 Income-related Employment and Support Allowance;
 - 3.1.3 Income Support;
 - 3.1.4 Housing benefit;
 - 3.1.5 Child Tax Credits;
 - 3.1.6 Working Tax Credits.
- 3.2 Orkney was included in Tranche 2 of the national UC rollout from 11 May 2015 for all new single claimants. Further expansion of the scheme in Orkney, to include couples and families, has not yet been announced but the DWP has advised that it will give at least 6 months' notice of their UC implementation plans.
- 3.3 In February 2016 the DWP announced full rollout of UC in certain areas beginning May 2016 – not yet including Orkney - noting that transition to the full UC service (couples and families) for new claims would take place in phases from May 2016 to 2018. In July 2016 the DWP announced that the migration of existing legacy benefits claims is due to start in July 2019 and to be completed by March 2022.
- 3.4 The delayed rollout schedule of UC has resulted in fewer applicants than initially anticipated and nationally there are currently 279,000 claimants, of which around 75 are in Orkney.

- 3.5 Universal Credit features include:
- 3.5.1 A single monthly payment in arrears;
 - 3.5.2 Payment made into a bank account;
 - 3.5.3 Payment includes an amount for any rent due (called Housing Costs) with the tenant being responsible for making payment to the landlord;
 - 3.5.4 The preferred means of making a claim is on-line.
- 3.6 Those that do not have access to their own computer can claim on-line wherever public access to an online computer is available – this includes the Jobcentre, Kirkwall, the Libraries as well as in some other public outlets such as some community halls. Local help is also available to assist applicants who need on-line help at Orkney Citizens Advice Bureau, who will provide assistance to them through the online claim process.
- 3.7 Personal Budgeting and Support (PBS) - when a claimant applies for UC they are asked if they need help with PBS. The advice to help claimants adapt to a single monthly household payment and having rent paid directly to the claimant instead of to the Landlord. Claimants requiring PBS advice are being referred to the Orkney Citizens Advice Bureau.
- 3.8 Alternative Payment Arrangements (APA) - are available for a minority of UC claimants who have difficulties paying their rent. In these instances the housing costs element of UC will be paid direct to the landlord. Those considered at most risk of requiring APA include those with drug/alcohol/addiction problems, learning difficulties, multiple debt problems, people who are homeless and families with multiple complex needs.

4. SOCIAL SECURITY REFORM IN SCOTLAND

- 4.1 As a result of the Scotland Act 2016 the Scottish Government will receive powers over 11 existing disability and caring benefits including Disability Living Allowance, Personal Independence Payment, Carers Allowance as well as control over funeral payments, Sure Start Maternity grants and cold weather and winter fuel payments. It will also receive the power to top-up and create new benefits and will have several flexibilities to alter the way in which Universal Credit is paid by Department for Work and Pensions.
- 4.2 The Scottish Government has proposed that a new Scottish social security agency will be set up to oversee the administration of the devolved social security payments, worth £2.7 billion, following the introduction of a Social Security Bill in the 2016/17 parliamentary session.
- 4.3 The Scottish Government has already confirmed it will use its new powers to:
- 4.3.1 Increase Carer's Allowance to the same rate as Jobseeker's Allowance;
 - 4.3.2 Abolish the bedroom tax;

4.3.3 Introduce flexibilities around how Universal Credit is paid, including giving people choice to be paid twice monthly and direct payments to social landlords; and

4.3.4 Scrap the 84 day rule which removes income from the families of disabled children.

4.4 The Scottish Government is currently undertaking a Consultation on Social Security in Scotland to determine how best to use the new social security powers which will be devolved by the Scotland Act 2016. The consultation is available at the following weblink <https://consult.scotland.gov.uk/social-security/social-security-in-scotland> and responses are being invited by 28 October 2016.

5. REMOVAL OF SPARE ROOM SUBSIDY (BEDROOM TAX)

5.1 From April 2013 working-age recipients of Housing Benefit (HB) and Universal Credit (UC) incur a benefit reduction of 14% or 25% if they under-occupy their property by 1 or more bedrooms respectively. This is called “removal of the spare room subsidy”, commonly referred to as “the bedroom tax”.

5.2 Discretionary Housing Payments (DHPs) help provide assistance to tenants affected by the removal of the spare room subsidy. The Department for Work and Pensions (DWP) provide the Council with annual DHP funding, which is then topped by the Scottish Government to ensure that everyone affected by the under-occupancy reduction can apply for a DHP payment, thus fully mitigating against the effects of under-occupancy in Scotland. In Orkney during 2015/16 this funding amounted to approximately £76,000 and 190 claims.

5.3 The Scottish Government has confirmed that it intends to abolish the bedroom tax as part of the devolved social security powers to Scotland.

6. BENEFIT CAP

6.1 There is a limit on the total amount of benefit that most people aged 16 to 64 can get. This is called the Benefit Cap.

6.2 Families who receive working tax credits or who work enough hours to claim tax credits are exempt from the Benefit Cap, as well as those who receive disability living allowance, personal independence payments, attendance allowance, support component of employment and support allowance, industrial injuries benefits or those of pension age. From 7 November 2016 all households which include someone entitled to Guardian’s Allowance, Carer’s Allowance or an award of Universal Credit which includes the carer’s element will also become exempt from the cap.

6.3 The level of the cap is currently:

- £500 a week (£26,000 per year) for a couple, whether children live with them or not
- £500 a week (£26,000 per year) for single parents whose children live with them

- £350 a week (£18,200 per year) for single adults who don't have children, or whose children don't live with them

6.4 From 7 November 2016 the level of the cap will reduce to:

- £384.62 a week (£20,000 per year) for a couple, whether children live with them or not
- £384.62 a week (£20,000 per year) for single parents whose children live with them
- £257.69 a week (£13,400 per year) for single adults who don't have children, or whose children don't live with them

6.5 Between 2013 and 2016 there have been 3 families in Orkney who have been affected by the Benefit Cap. From November 2016 the cap is expected to affect around 11 families, with the amount of reduction varying from around £4 to £200 per week.

7. SCOTTISH WELFARE FUND

7.1 The Scottish Welfare Fund (SWF) was introduced in April 2013 to make payments of:

7.1.1 Crisis Grants (CG) – to provide a safety net in a disaster or emergency, when there is an immediate threat to health or safety; and

7.1.2 Community Care Grants (CCG) – to enable independent living or continued independent living, preventing the need for institutional care.

7.2 In 2016/17 the Scottish Government has provided the Council with funding of £51,000 from which to make awards.

8. PERSONAL INDEPENDENCE PAYMENTS

8.1 From April 2013 Personal Independence Payments (PIP) replaced Disability Living Allowance (DLA) for those of working age and is being phased in over the period to 2018. PIP helps with some of the extra costs caused by long-term ill-health or a disability for those aged 16 to 64.

9. COUNCIL TAX REDUCTION

9.1 The UK Government abolished Council Tax Benefit (CTB) from April 2013. In Scotland it has been replaced with Council Tax Reduction (CTR) which replicates previous CTB regulations. Those claiming the reduction will not see a difference in the service provided or the amount of reduction available. However, it is a reduction in Council Tax and is not a welfare benefit.

9.2 The Universal Credit (UC) payment does not include assistance with CTR, which must continue to be claimed separately. Applicants in receipt of UC who require assistance through CTR will be assessed on the total income that they receive based on the DWP UC award financial assessment.

10. STATE PENSION REFORMS

- 10.1 The new State Pension will be a regular payment from the government that can be claimed by those reaching state pension age on or after 6 April 2016. This will apply to a man born on or after 6 April 1951 or a woman born on or after 6 April 1953. The new State Pension replaces the current State Pension scheme and for 2016/17 is up to £155.65 per week.
- 10.2 Due to the delays in the full national rollout of Universal Credit for working age claimants the government announced, in July 2016, that the incorporation of Housing Benefit for pensioners into Pension Credit will not begin until the completion of the UC timetable in 2022. This means that pensioners will continue to receive HB administered by the Council until after 2022.
- 10.3 The Pensions Act 2014 brings forward the increase of State Pension age to 67 so that it is implemented between 2026 and 2028 instead of between 2034 to 2036.

11. CONCESSIONARY SCHEMES AND “PASSPORTED BENEFITS”

- 11.1 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 are referred to as “passport benefits”.
- 11.2 The introduction of Universal Credit – combining several former passported benefits – continues to raise uncertainty over how it will interact with concessionary schemes. At present there is no clear central government guidance or solution, although the Council will implement interim measures as needed.

12. SINGLE FRAUD INVESTIGATION SERVICE

- 12.1 The responsibilities that local authorities had to investigate Housing Benefit (HB) fraud have been transferred to the Department for Work and Pensions (DWP) under the Single Fraud Investigation Service (SFIS) – Orkney transferred in August 2015.
- 12.2 Although the Council is no longer responsible for investigating HB fraud it remains responsible for supporting the investigative work of SFIS. The Council is reviewing its counter fraud resources to ensure sufficient investigative capacity remains to investigate non benefit fraud, including for example: Council Tax Reduction fraud, tenancy fraud and other corporate fraud.

13. CHANGES TO THE 18 TO 21 YEAR OLD HOUSING POLICY

- 13.1 The UK Government announced that from April 2017 the automatic entitlement to housing support for new claims in Universal Credit from 18 to 21 year olds who are out of work will be removed. Certain categories of young people will be exempt from the removal of Housing Benefit, including vulnerable young people; those who may not be able to return home to live with their parents; parents; and those who

have been in work for 6 months prior to making a claim. At this point there is no additional information on how vulnerability will be defined.

14. LOCAL HOUSING ALLOWANCE

- 14.1 Local Housing Allowance (LHA) is the maximum value of Housing Benefit that can be paid to claimants in the private rented sector. The government has announced that these rates will be frozen for a period of 4 years from April 2016.
- 14.2 The LHA rates presently payable in Orkney are available on the Council's website at the following weblink:
http://www.orkney.gov.uk/Files/Housing/Housing%20Benefits/LHA/20150227_HBL_HA5_LHA_201516.pdf
- 14.3 The Chancellor announced in his Autumn Statement that the amount of rent that Housing Benefit (HB) will cover in the social rented sector will be capped at the relevant Local Housing Allowance level. This means that HB will be subject to LHA maximum amount rather than the actual rent being paid. The announcement noted that the cap will be applied to all new social tenancies created after 1 April 2016 - including tenancies for specialist, supported accommodation for vulnerable people - and will come into effect from 1 April 2018. However, other than the Chancellor's statement no further information has yet been released and the exact details or outcomes cannot yet be determined.