Local Government and Regeneration Committee
Inquiry into the Impact of Welfare Reforms
on 2014/15 and 2015/16 Spending Plans and Resources

Submission from Argyll and Bute Council

As part of our scrutiny of local government budgets the Local Government and Regeneration Committee is seeking the following information from your council on the financial and resource impact of UK Government welfare reforms, for the period 2012/13 to 2014/15—

Q1 – In what areas of (a) work and (b) costs and resources has the ongoing programme of UK welfare reforms affected your council?

Response

1. DWP plan to remove ‘warm phones’ from Jobcentres. Clients will no longer be able to contact benefit processing centres free of charge by using a phone based in the jobcentre. This may lead to an additional burden on Local Authorities to provide further use of free phones for clients who need to speak to DWP about their benefits. This would be in addition to providing phone access to make applications to the Scottish Welfare Fund.

2. From October 2014 there will be a 7 day waiting period before ESA can be paid. This may lead to further applications to the Scottish Welfare Fund and other council funds for assistance for this period. This may also cause rent arrears for clients and make their tenancies vulnerable putting additional pressure on Housing Services.

3. Habitual residence test (HRT) changes mean that EEA migrants and returning UK residents will not meet the HRT criteria for 3 months and will not qualify for Jobseekers Allowance during this period and may try and seek assistance from the Scottish Welfare Fund.

4. JSA (IR) will be restricted to 6 months for many EEA migrants. This could cause problems maintaining tenancies and securing tenancies and may increase the workload for Housing Services staff and put an additional burden on crisis funding.

5. EEA Jobseekers (IR) will not qualify for housing benefit and will therefore struggle to maintain tenancies or find accommodation. This may put an additional burden on Housing Services and council resources.

6. EEA immigrants in work will need to show that they have been engaged in genuine and effective work for 3 months and have been earning at least the Minimum Earnings Threshold (£150 per week for 2014/15) during that period in order to achieve the right to reside as a worker. They must meet the above criteria in order to claim HB. This may impact on EEA immigrants securing and maintaining tenancies and may be an additional burden on Housing Services and other council resources.

7. As of December 2013 only 20% of PIP claims had received a decision. Leaving 80% outstanding (approx. 195,400 claims) this means that there have been very few PIP mandatory reconsiderations and appeals nationwide to date. However it is likely that there may be an influx of mandatory reconsiderations and appeals for welfare rights teams to
assist with once the DWP makes more decisions. The DWP’s own figures show an average wait for a decision to be 21 – 26 weeks. Figures show a drop in overall successful applications from 88% in June 2013 to 50% in December 2013. A failure for clients to receive disability benefits may have implications for colleagues who provide/charge for care for A&B residents.

8. As an *indirect* consequence of the UK Government’s Welfare Reforms from 2012/13 onwards, the various area-based teams within the Employability Service have witnessed an increase in referrals to the Work Programme with regard to Employment Support Allowance (ESA) Flow customers (see note below) and Job Seeker Allowance (JSA) claimants aged 25 plus, who have already undertaken twelve months of Pre-Work Programme activity.

9. The transfer of elements of the Social Fund has impacted the work of the Council. During 2013-14 we processed 2,310 applications for the new Scottish Welfare Fund and made 1,638 awards totalling £293,751.

10. We paid out a total of £412,740 in discretionary housing payments in 2013/14. We processed 1,206 applications and made 870 awards. This is a significant increase over 2012/13 spend of £52,015. This reflected the introduction of under-occupancy restrictions to housing benefit and the benefit cap.

**Note 1:** Employment and Support Allowance (ESA) is a benefit for people who have a limited capability for work because of a health condition or disability. It also provides personalised support to those who are able to work. ESA involves a medical assessment called the Work Capability Assessment (WCA). The WCA assesses what claimants can do, rather than what they cannot, and identifies the required health-related support.

b) Under the Work Programme, it is only when a customer has sustained employment for six months that the Employability Team receives a job outcome fee followed by between 13 to 26 months of sustainment payments (dependent on the customer group) for every month the customer stays in employment. Therefore job outcomes are essential to the financial sustainability of the service into the medium to longer-term. To this end, a key focus is being given to the delivery of ‘In Work Support’ to ensure clients remain in sustainable employment. In addition, as from June 2014, the initial attachment fee for customers referrals to the Work Programme will be removed.

Given that in general the ESA Flow customer group requires greater support in order to secure a sustainable job outcome, along with no attachment fee from June 2014, this has an impact on the staff time required to realise a sustainable job outcome for that individual. The council only provides a nominal sum to Employability team per annum and the rest of its income generation is from the delivery of contracts, with the most substantive contract being that of the Work Programme. Therefore, it is imperative, that the team move as many of its customers into sustainable job outcomes over the next financial year, 2014/15 and for the remainder of the Work Programme contract (June 2016) in order to provide a sustainable financial model for the Council’s Employability Team/Service going forward.
We created a new 6 person team to handle the increased volume of discretionary housing payment applications and Scottish Welfare Fund applications. We received additional funding of £55,000 which was only sufficient to cover 2 of the new posts required. The additional staff costs were covered from a combination of one-off funds from DWP and from pulling staff from the core benefits team which meant that processing of housing benefit and CTRS applications was delayed and new claims took much longer than the target of 23 days.

The Council Tax Reduction Scheme (CTRS) which replaced council tax benefit is no longer fully funded by grant monies. This has affected all councils. We are still working on finalising financial outcome for 2013-14.

Q2 – What was the level of actual or budgeted crisis grants made by your council in the period 2012/13 to 2014/15? What percentage increase/decrease did this represent over the previous three financial years?

Response

We do not have data for previous years as we only took over this function from 1 April 2013. We spent £89,515.73 on crisis grants in the 12 months to 31 March 2014. There were 1670 applications, and 1,221 awards.

Q3 – What has been the financial and resource implication of the welfare reforms for your social work and housing services in the period 2013/14 to 2014/15? What has been the level of emergency housing applications your council has dealt with in 2013/14? What level do you expect to deal with in 2014/15?

Response

In terms of homelessness there has been a slight increase in applications in 2013/14 – 480 as opposed to 465 the previous year. This figure does not reflect the significant amount of work put into housing options and the preventative approach to homelessness including early intervention, rent deposit guarantee scheme, housing support and mediation services. The number receiving housing support has also increased slightly but the fact that the previous year saw the introduction of a new service model it is difficult to predict how demand will change in the future. There are other initiatives in the pipeline to deal with predicted increase in demand for budgeting advice and welfare rights representation.

Q4 – What actions has your council taken to coordinate its efforts and responses to the welfare reform changes to ensure the most needy/vulnerable people in your council area receive the support and assistance they require?

Response
The Council created a multi-agency welfare reform working group (WRWG) which oversaw the implementation of the Scottish Welfare Fund and the replacement of council tax benefit with CTRS. It also developed a new policy for discretionary housing payments to reflect the new under-occupancy changes and the benefit cap, and a new policy for financial inclusion and a corporate debt policy.

The WRWG has monitored all changes in this area and been successful in supporting applications for Support and Connect funding from a group of 3 registered social landlords within the council area to provide intensive crisis intervention workers to assist their tenants.

We have recently put in place amended contracts with our housing support providers to provide additional support to tenants and others who need money management and budgeting support who are referred from a variety of agencies. We have also installed wifi in a number of rural schools to enable additional delivery of IT skills training in these remote and rural locations. A consultancy is being commissioned to research and document the customer journey and prepare support materials to be used by support workers and on a self-help basis. We are also recruiting 3-4 through care workers to work with looked after children and former looked after children and their families to provide then with intensive support. A bid has recently been submitted to the Scottish Government’s welfare reform resilience fund for support to evaluate this work in full.

The Single Outcome Agreement contains a number of targets for monitoring progress in this agenda which are reviewed by the Community Planning Partnership.

We are actively engaged with DWP in a Local Support Services Framework group.