Submission from North Ayrshire Council

North Ayrshire Council welcomes the opportunity to provide information to the Local Government and Regeneration Committee 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?

A) Work

- Welfare reforms introduced in 2013-14 including spare room subsidy, benefit cap, local housing allowance changes, council tax reduction, new claims for Personal Independence Payments, Scottish Welfare Fund and other reforms introduced by the DWP for example changes to claimant commitment and sanctions have impacted on a cross section of Council Services.

- The Benefits Service administer discretionary housing payments and applications increased from around 500 a year to 4,507 in 2013-14 with £903K awarded compared to £83k the previous year. This task diverted key resource away from processing Housing Benefit applications. The Council incurred an additional £98,000 in administering the increased caseload.

- The significant number of reforms emanating from changes to legislation, regulations and systems, increased the complexity of administering housing benefit and council tax reduction. More staff time has been spent testing multiple software modifications and training clerical staff on the benefit changes.

- The Scottish Welfare Fund was introduced from the 1 April 2013 and 4,316 crisis grants and 2,129 community care grants applications were processed during 2013-14. The Scottish Government administration funding is insufficient for the resource required to meet their performance targets of 2 days for a crisis grant and 15 days for a community care grant and the Council funded 2 FTE customer services staff to process application forms over the telephone.

- The introduction of spare room subsidy has increased support and guidance given to Council tenants and over 5,000 visits (includes no access visits) were made by Housing Services to discuss housing options, budgeting, welfare rights and debt advice and help with applications for discretionary housing payments.

- There has been an increase in welfare reform related telephone calls and face to face enquiries including under occupation, rent arrears, support with discretionary housing payments applications and Scottish Welfare Fund applications. Customer Services resource has been increased by 5 FTE to meet the increased demand.

- The NAC Rent deposit Guarantee Scheme has been successful in resettling approximately 300 households into the Private rented sector on an annual basis.
Local Government and Regeneration Committee
Inquiry into the Impact of Welfare Reforms
on 2014/15 and 2015/16 Spending Plans and Resources

During 2013/14 the Council experienced a 10% reduction due to the inability to source affordable 1 bedroom properties for single person households under 35 years of age.

- During 2013-14 homelessness increased by 10%.
- The Homelessness Assessment Prevention and advise Service (HAPA) has seen increases in approaches for advise as follows:
  - There has been a 300% (692 cases) increase in households approaching the service regarding financial issues; and
  - There has been a 21% (21 cases) increase in households approaching the service due issues re under occupation.
- The DWP decision to sanction claimants has resulted in increased Council resource to research the issues, cause and stage reached; whether the sanction is appropriate or is a result of lack of understanding on the part of the claimant. Each case may require a different solution.
- There is a lack of a joined up approach between the Council and DWP in terms of data sharing over sanctions. The Council has no direct access to information regarding the number of sanctions at a local level, yet the Council is required to provide services to people affected. This prevents forward planning and results in the Council providing a reactive rather than a holistic service.
- The delays in processing new claims as part of the first phase of the Personal Independence Payment migration is impacting on the level of work for specialist advice teams. Some new claims remain open after 6 months with no sign of an outcome decision. The escalation routes within the DWP for problem cases are proving ineffective with advisers being repeatedly asked to provide duplicate complaints to the provider. Much of the inconvenience felt by claimants is transferred from DWP or ATOS to the Council if the time spent on “current” claims is not reduced.
- The lack of PIP outcomes is hindering staffs understanding of the DWP / ATOS decision making process; a crucial factor in the delivery of good, effective and efficient customer advice. This has affected the type of advice that can be provided to other claimants.
- Social Service users are generally more likely to be affected by welfare reforms as they are social tenants, have ill-health, addiction, disability, mental health issues and are at greater risk of financial and digital exclusion. Non-specialist frontline staff in Social Services have required training on the reforms and seen an increase in enquiries:
  - 52% increase in Welfare Rights enquiries;
  - 190% increase in “destitution” presentations at Social Services Reception Team with 194 enquiries in 2012-13 increasing to 563 in 2013-14; and
• There has been a small increase in referrals from Housing despite the introduction of a specialist Welfare Reform Advice Team within Housing Services.

• The Council’s Money Matters is losing experienced staff to the third sector, as more organisations recruit staff to deal with welfare reform issues. The Council is finding it difficult to recruit new staff, consequently the team supporting the most vulnerable Social Work service users has operated at below establishment throughout 2013/14. This means that a reduced number of staff is coping with the increased number of people seeking advice and support and the increased (new) work activities around awareness raising, training front line staff, producing public information, creating and supporting local partner events and activities.

• Appendix 1 provides a summary of the impact welfare reform has had on local support services during 2013/14.

B) Costs and resources

• Cost of Housing Service Welfare Reform Advice Team in 2013/14 is noted under Section 3 below.

• Communication Costs of £25k to raise awareness of under occupation, Scottish Welfare Fund on a pan Ayrshire basis, Benefit Cap and Discretionary Housing Payments.

• There is increased demand on senior managers to respond to Welfare Reform, adapt and develop services, contribute to local strategy and national policy and consultation while continuing to support existing service users and their staff. The cost of this work has not been quantified.

• The Council invested £40K for two FTE to administer the Scottish Welfare Fund over and above the administration grant received from the Scottish Government.

• A welfare reform training programme was offered across all Council Services during 2013. Three levels of training were offered depending on the extent of officer and services’ involvement with Welfare Reforms. The cost of this was £15,600. It is anticipated that when the date of the roll-out of Universal Credit to North Ayrshire becomes apparent, a further round of training will be required.

• Overtime costs of £98K to process Discretionary Housing Payments and Scottish Welfare Fund applications. Further information on additional costs is included in the response to Q3.
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?

The budget for “general welfare” provision paid by Social Service in “exceptional circumstances has increased from 2012/13 to 2013/14 as follows:

**Section 12 Payments**

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**Section 22 Payments**

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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?

**Social Services £214,904**

- Of this, £180,294 is a payment to North Ayrshire Citizens Advice Service (NACAS). The remainder of £34,610 was set aside for an additional post in the Council’s Money Matters team.

**Housing Services £441,124**

- HRA Housing set up a Welfare Reform Team in 2013/14, with 13 temporary posts (note: £36,621 of this came from the Council's General Fund budget).

- The increased workload created has resulting in the Council funding an additional HAPA officer to undertake prevention and mitigation activities at the cost of £35k.

- Under Occupation has had a significant effect on households residing in temporary accommodation and during 2013/14 has resulted in arrears accrual of £188,373,
with a similar impact anticipated for 2014/15. The most significant impact will be experienced from 2015/16 with the roll out of Universal Credit.

- There has been a marked reduction in rental income following the introduction of the various welfare reforms. Rent arrears have increased from £545,027 at 31st March 2013 to £851,224 at 31st March 2014 an increase of £306,197.
- Bad Debt Provision was increased for 13/14 to take account of projected increase in arrears.
- Any significant increases in rent arrears will have implications for the Council’s Housing Revenue Account and the ability to deliver its Business Plan objectives which aims to deliver on key priorities such as compliance with the Scottish Housing Quality Standards, the on-going Council house building programme and the provision of our sheltered housing. For example a shortfall of £350,000 of rental income equates to 136 fewer kitchens or 141 bathrooms being replaced as part of our annual capital programme.
- Increase in work load for rent arrears recovery staff; caseload increased by 770 since 31st March 2013.
- The Council is beginning to see an increase in void properties and difficulties in letting larger properties. There has been a 21% increase in void properties generally. In particular the number of 3 bedroom properties has increased by 96% from the same period last year. This is likely to have been influenced by welfare reform but also due to other demographic changes within our communities. The Council have commissioned research to consider the drivers and implications for this.

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

- The Council established a cross service welfare reform working group in February 2012 and a welfare reform action plan and baseline indicators is produced annually. The action plan is progressed by the working group to ensure that the reforms are mitigated as much as possible. The DWP also attends the working group meetings.
- Housing Services established its own Welfare Reform Advice Team comprising of a Manager, 8 Tenancy Support Officers, 1 Welfare Rights Officer, 1 Debt Advisor, 1 Homeless Prevention Caseworker and 1 admin officer. The remit of the team is to provide intensive support and advice to council tenants affected by welfare reform. This includes carrying out home visits to every tenant affected by under – occupation.
- The Council agreed on 30th April 2013 that for a period of one year there would be no eviction from mainstream properties where rent arrears are solely due to under-
occupation, where it can be demonstrated that the tenant is engaging with the Council to make payment towards the arrears.

- The Council agreed not to pursue tenants in Council owned temporary accommodation for under-occupation arrears, pending clarification of the DWP definition of exempt supported accommodation. During the coming months the Housing Service will determine the on-going support requirements of homeless people and those at risk of homelessness to ensure the Council can continue to deliver its statutory homeless responsibilities.

- The Council approved its Discretionary Housing Payments Policy and operational procedures for 2013/14 onwards and met the additional cost of processing the increased volume of applications.

- The Council established and invested its own resources in a Scottish Welfare Fund team to administer crisis grants and community care grants; and partnership arrangements were put in place to simplify the application process and maximise take-up.

- The Council amended its Allocation Policy by increasing the number of points awarded to applicants who were under-occupying their properties and subject to a reduction in Housing Benefit due to the under-occupation criteria. Additional pre-tenancy advice is also given to applicants on the waiting list.

- Due to the lack of 1 bedroom properties available the Council has taken the following action to increase the availability of 1 bedroom properties:
  - Local Housing Strategy amended to allow the development and purchase of 1 bedroom properties in the Social Housing Sector.
  - One bedroom properties in North Ayrshire, regardless of location and type have been designated as pressured and therefore will not be eligible for purchase under the Right to Buy.
  - 252 one bedroom amenity properties which were in low demand from older people have been reclassified for all ages. Whilst this does not preclude older people from being allocated the properties when one does become vacant they can now be allocated to applicants of working age.
  - Communication Campaign was undertaken to raise awareness with Council tenants, this included leaflets, information on website, radio campaign and information sessions held with local tenant groups and other stakeholders.
  - Training Programme for front line Council staff on all aspects of welfare reform.
  - Pan Ayrshire promotion of Scottish Welfare Fund and Discretionary Housing Payments to tenants carried out from January 2014 to March 2014.
North Ayrshire Council and five other Ayrshire landlords have created a new partnership with 1st Alliance Credit Union to help tenants prepare for changes brought in by the introduction of Universal Credit. Known as the Financial Access Partnership, the project is offering assistance to tenants to help set up bank accounts and manage household budgets.

Extensive work undertaken with households within the Private rented sector affected by the Benefit Cap in order to prevent homelessness. Whilst the numbers were low (20 households approx.) there were in excess of 50 children affected. To date the proactive approach undertaken by the Council has ensured that none of the families have become homeless.

Economic Development work with those furthest away from the labour market including those affected by welfare changes and is key priority to support this client group into work.

A new working group has been established to include all those organisations, both internal and external that work with this group can work be effective and efficient and so that duplication of effort can be removed and the client journey into work can be as seamless as possible. Employability & Skills deliver targeted programmes to support this group including financial advice – back into work calculations, childcare support, pre-employment support and in work support.

Employability & Skills also act as a referral unit to specialist services and the new group described above will significantly improve the referral system.

All Head Teachers briefed on Welfare Reforms to raise awareness of likely impacts on children. Further briefings have been given to pastoral/guidance staff that is providing front-line support to the most vulnerable pupils. Schools & Early Years Centres are displaying posters and leaflets providing information on where parents can go for further advice and support.