

DATA LABEL: PUBLIC



PARTNERSHIP AND RESOURCES POLICY DEVELOPMENT AND SCRUTINY PANEL

SOCIAL SECURITY, BENEFITS AND WELFARE REFORM UPDATE

REPORT BY HEAD OF FINANCE AND PROPERTY SERVICES

A. PURPOSE OF REPORT

To inform the Panel of the recent developments in, and the continuing implications of, the ongoing programme of welfare changes.

B. RECOMMENDATION

It is recommended that the Panel notes the impacts of the welfare changes in West Lothian and the actions which the council and community planning partners are taking in response.

C. SUMMARY OF IMPLICATIONS

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| I Council Values | Focusing on our customers' needs; being honest, open and accountable; providing equality of opportunities; making best use of our resources; working in partnership. |
| II Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment) | The Welfare Reform Act 2012 provided for significant changes to Housing Benefit, a Benefit Cap, and the introduction of the Council Tax Reduction scheme and the Scottish Welfare Fund, both administered by local authorities in Scotland. In addition further Department for Work and Pensions (DWP) led welfare changes are continuing to be introduced. The Scotland Act 2016 also devolved certain aspects of welfare in Scotland to the Scottish Parliament. |
| III Implications for Scheme of Delegations to Officers | None. |
| IV Impact on performance and performance Indicators | Corporate and service performance indicators are being reviewed as implications of the reforms become clear. |
| V Relevance to Single Outcome Agreement | <ul style="list-style-type: none"> • Our children have the best start in life and are ready to succeed. • We live in resilient, cohesive and safe communities. • People most at risk are protected and supported to achieve improved life chances. |

- We live longer, healthier lives and have reduced health inequalities.

VI Resources - (Financial, Staffing and Property)	Officers will continue to assess the ongoing financial and staffing implications for the council.
VII Consideration at PDSP	Regular updates on welfare reform have been reported to the Panel since 2012.
VIII Other consultations	With services, and ongoing consultations with the voluntary sector and other partners.

D. TERMS OF REPORT

D.1 Overview

The Welfare Reform Act 2012 introduced several major changes to the welfare system including the introduction of Universal Credit (UC). The full UK wide roll out of Universal Credit has been subject to significant alteration to timescales resulting in the estimated completion date now being December 2023. West Lothian went live with UC Full Service on 16 May 2018.

The Scottish Social Security Agency is taking over the administration of a number of welfare benefits from the Department for Work and Pensions and introducing new benefits. It is expected that the transfer will be complete by 2024.

D.2 Discretionary Housing Payment Fund

On 1 April 2017 funding and responsibility for Discretionary Housing Payments (DHP) transferred to Scottish Government while local authorities continue to administer the payments. The DHP fund can provide additional support to households where a tenant is entitled to Housing Benefit or the housing cost element paid as part of their UC award, and who require further assistance to pay their rent.

DHP can be paid to alleviate short term hardship, or to assist those most affected by welfare changes, particularly those affected by the size criteria restrictions (also termed the spare room subsidy or the bedroom tax) in the social rented sector. The Scottish Government reimburse councils for the full amount to mitigate the impact of the bedroom tax.

Funding arrangements for DHP for 2021/22 consists of three main categories, 'bedroom tax mitigation', 'other DHPs' and 'DHP administration'.

The funding for 'bedroom tax mitigation' follows the same approach as in 2020/21 to ensure the on-going full mitigation of the impact of the bedroom tax in Scotland. The Scottish Government has not, in its release of funding, estimated the cost of bedroom tax mitigation for local authorities as it did in previous years. Funding will be released in two tranches. Tranche One is 50% of the expected cost of bedroom tax mitigation and West Lothian received £1,451,867 in the Local Government Finance Order distribution. DHP spend will be monitored with Tranche Two funding calculated after the year end monitoring returns are submitted.

The projected spend for "bedroom tax mitigation" in 2021/22 is £3,076,000. All applicants affected by the bedroom tax, who are entitled to Housing Benefit or the housing cost element paid as part of their UC award, will continue to be awarded full DHP to cover the shortfall during 2021/22.

Funding for the category 'other DHPs' was initially allocated to local authorities on 7 April 2021, with West Lothian Council allocated £326,523. West Lothian's allocation for 'other DHPs' for 2021/2022 is detailed below;

Core DHP	£45,035
Local Housing Allowance	£37,443
Benefit Cap	£244,044
Additional Scottish Government Funding	£231,351
Total	£557,873

The 'Additional Scottish Government Funding' outlined in the table above is additional funding that councils received who had utilised all of their DHP allocation in 2020/21. This came from those local authorities who had an underspend in their 2020/21 DHP allocation.

DHP spend to 27 December 2021 is summarised as follows:

	Number of Awards	Spend to date
Benefit Cap	65	£97,885
Bedroom Tax	4880	£2,221,627
Local Housing Allowance /Combination	4	£1,931
Core DHP	576	£236,061
Total	5525	£2,557,504

Funding for administrative costs, based on the number of claimants affected by the bedroom tax, local housing allowance and benefit cap, is £38,771 for 2021/22.

D.3 Scottish Welfare Fund

The Scottish Welfare Fund (SWF) covers the whole of Scotland and is delivered by local authorities who are responsible for administering Community Care Grants and Crisis Grants.

In 2020/21 total spend for Scottish Welfare Fund was £2,114,058. The Scottish Government funding was £1,148,053 with an additional Covid-19 fund of £712,000. The total West Lothian Council Scottish Welfare Fund spend exceeded the Scottish Government budget by £254,000.

Scottish wide SWF funding for 2021/22 will now be maintained at £40.9 million. Scottish Government wrote to local authorities on 12 November 2021 to confirm that there would be no redistribution of funding for the 2021/22 financial year but they would continue to monitor expenditure to inform future decisions on budget allocation. This was in direct response to their communication earlier in the year when consideration was going to be given to reallocating funds due to the projected underspend by some local authorities.

West Lothian Council received Programme Funding for 2021/22 of £1,134,159 and Administration Funding of £171,841. This is a reduction, excluding the additional £712,000 Covid funding last year, of £13,894 in the Programme budget and £2,106 in Administration budget.

Scottish Government Programme Funding is being supplemented by additional West Lothian Council funding of £1,000,000.

West Lothian's allocation for SWF for 2021/2022 is detailed below:

SWF programme funding	£1,134,159
Additional West Lothian Council programme funding	£1,000,000
Administration Funding	£171,841
Total	£2,306,000

The level of administration funding provided does not cover the costs of providing this service.

The 2021/22 SWF spend to 10 January 2022 is summarised as follows:

	Number of Awards	Expenditure
Crisis Grants	11795	£781,717
Community Care Grants	2,138	£824,411
Total	13,933	£1,606,128

The above expenditure does not include applications received prior to 10 January 2022 that are still to be processed. There are currently 299 Community Care Grants and 310 Crisis Grants to be assessed.

D.4 Universal Credit

Universal Credit (UC) is delivered by the DWP and involves the integration of six core benefits and tax credits into a single payment. These are, income-based (means-tested) Job Seekers' Allowance; income-based Employment Support Allowance; Income Support; Housing Benefit; Child Tax Credit and Working Tax Credit.

Local authorities do not have a role in the administration of Universal Credit but UC does impact on the administration of those benefits retained by local authorities, including the Council Tax Reduction Scheme (CTRS), DHP, and SWF. West Lothian went live with UC full service on 16 May 2018.

The latest UC Official Statistics published by the DWP state as at October 2021 a total of 15,223 people in West Lothian are on UC. 9,137 of these UC claimants are not in employment with 6,089 in employment.

On 20 March 2020 the standard allowances of UC and the basic element of working tax credit were increased by £1,000 a year, or £20 a week, this "UC uplift" was a temporary increase which ended on 6 October 2021.

Further changes to UC were announced in the autumn budget and spending review. From 1 December 2021 the UC work allowances, the amount someone can earn before their Universal Credit award begins to be reduced, was increased by £500 a year, or £42 a month. In addition, the UC taper rate was reduced from 63% to 55% meaning that working households retain an additional 8p for every £1 of net income earned above any work allowance that applies.

A significant change to Council Tax Reduction (CTR) legislation is also being introduced from April 2022 for CTR recipients in receipt of Universal Credit (UC). The policy intention of these changes is to better align CTR awards for applicants in receipt of UC with that of applicant in receipt of legacy benefits.

D.5 Additional Financial Support as a result of Covid-19

A number of additional financial support payments have been delivered by the Anti Poverty Service in 2021/ 22 which provided support to people living on low incomes, helping to mitigate the impacts of the Covid-19 pandemic. These include:

Low income Pandemic Payment

A £130 Low Income Pandemic Payment was paid to households who were in receipt of Council Tax Reduction or are within agreed groups exempt from Council Tax. Payments were completed in November 2021 with £2,104,050 paid to 16,185 households.

Spring Hardship Payment

A £100 hardship payment paid to each qualifying child who received free school meals because of a low income. A total of £683,100 was paid on 1 April 2021 to 6,831 eligible children.

Family Pandemic Payment

A £100 Family Pandemic Payment, paid for each child of school age in receipt of Free School Meals on the basis of low income. A summer Family Pandemic Payment was made on 25 June 2021 with £630,000 paid to 6,300 children.

Scottish Child Payment – Bridging Payments

The Family Pandemic Payment was then brought together with The Scottish Child Payment merging Covid hardship payments and the Family Pandemic Payment in to a single payment made four times per year.

A Scottish Child Payment Bridging payment of £160 per child was paid in October 2021 with £809,280 reaching 5058 children and again in December 2021 with £856,320 reaching 5352 children.

This will be followed by followed by four equal payments of £130 paid in Spring, Summer, Autumn and Winter 2022.

Self-Isolation Support Grants

A £500 payment is paid to low paid workers if they will lose earnings as a result of being required to self-isolate. The purpose of the grant is to financially support individuals to help them comply with the Test & Protect Service's requirement to self-isolate to prevent the spread of Covid-19.

From the 12 October 2020 to 2 January 2022 a total of 4960 applications have been received with 1878 awards being made totalling £939,000. During the month of December 21, 545 applications were received which is 10.9% of the total received to date. This is having a significant impact on resources and as a result is putting pressure on all the other work streams that the team is responsible for. Administration costs of the scheme are not fully funded with local authorities only reimbursed with £12.24 per claim.

Tenant Grant Fund

The Scottish Government has introduced a new £10 million grant fund to support tenants who are struggling financially as a direct result of the pandemic. The

expectation is that tenants who are in rent arrears and are at risk of becoming homeless or do not have alternative sources of support will be able to apply for grant funding to pay off some or all of their arrears in order to sustain their tenancy. The grant does not need to be repaid.

Payments are being administered by local authorities, the fund is designed to be flexible and eligibility criteria are set by the Scottish Government, including:

- It is a one-off payment for tenants who have accrued rent arrears caused by an income reduction due to Covid 19 pandemic between 23 March 2020 to 9 August 2021.
- The grant is targeted at tenants who are at risk of becoming homeless and who do not have any other way of clearing the arrears.
- The money is paid directly to the landlord so that any benefits a tenant receives are not affected and that the payment is used to credit the tenant's rent account to stop an eviction action.
- The landlord must have fully complied with pre-action requirements for eviction

The fund is open to people who rent from:

- A local authority
- A registered Social Landlord
- A private landlord who is registered on the Scottish Landlord Register

D.6 The Scotland Act 2016 and the Devolution of Welfare

The Scotland Act, include provision to devolve eleven benefits to Holyrood, and to give Holyrood the power to top up any benefits, reserved or devolved, provided the funding is met by the Scottish Government.

Scottish Child Payment

The Scottish Child Payment will be the largest benefit that has been introduced by the Scottish Social Security agency to date; it will provide a £10 per week payment to each eligible child this will increase to £20 per week for each eligible child from April 2022.

The latest available statistics show that from 9 November 2020 to 30 June 2021 121,360 applications were received with 115,710 awards being made.

Child Disability Payment

Child Disability Payment (CDP) will replace Disability Living Allowance for children, which is currently delivered by the Department for Work and Pensions.

Following a pilot performed within Dundee City, Perth & Kinross and the Western Isles, CDP was rolled out nationally from 22 November 2021 for new applicants only.

Families currently getting Disability Living Allowance for Children do not have to take any action. Starting later this year, their benefit will be transferred automatically to the new Scottish system with Social Security Scotland hoping to have the transfer completed by the Spring of 2023. Their payments will not change and will be paid at the same rates and at the same time as their Disability Living Allowance.

Local authorities will support the delivery of CDP by providing evidence of a child's disability or support needs through newly established "front door teams". Where an

applicant for CDP feels that a professional within a local authority would have information which could support a claim, a formal request will be made to the appropriate service within the council to provide the required information.

Adult Disability Payment

The Adult Disability Payment (ADP) is a new benefit from Social Security Scotland that will replace Personal Independence Payment (PIP). The new benefit will provide additional financial support to people of working age across Scotland with a disability or long-term ill-health condition.

ADP will open for new applications in pilot areas from 21 March 2022. Adults of working age with a disability or health condition, who are not already in receipt of PIP or Disability Living Allowance (DLA), and living in Dundee City, Perth and Kinross and the Western Isles local authority areas will be eligible to apply. Further council areas will be introduced in phases until Adult Disability Payment rolls out nationwide from August 2022.

Child Winter Heating Assistance

Child Winter Heating Assistance is a benefit from the Scottish Government to help disabled children and young people and their families with increased heating costs over winter.

Payment is made annually with the payment for winter 2021-2022 being £202.

Children and young people in Scotland can get the assistance if they're under 19 years old and get one of the following 'qualifying benefits':

- The highest rate of the care component of Child Disability Payment
- The highest rate of the care component of Disability Living Allowance for children
- The enhanced daily living rate of Personal Independence Payment

They must be getting this on at least one day in the third full week of September. Eligible children and young people living in Scotland do not need to apply, payment will be made automatically.

E. CONCLUSION

As welfare changes continue to be rolled out and, as further changes take effect, officers will assess the cumulative effects of these challenges in order to develop and shape work going forward. This will include further analysis of the measures in the Social Security (Scotland) Act 2018 and engagement with the new Social Security Scotland Agency and with COSLA, and the IRRV, as the practicalities of the proposed changes in Scotland are considered.

The potential issues arising from DWP led reforms, notably the additional measures taken because of Covid-19 and the consequence of those being stopped, will continue to be monitored. The additional burden on administration resources not being fully funded to respond to the increased demands being placed upon it, will be monitored and reported through COSLA to the Scottish Government.

The results of this work will be reported to elected members via the PDSP process and relevant action will be proposed by the council and community planning partners to pro-actively address issues arising.

F. BACKGROUND REFERENCES

None.

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