

DATA LABEL: PUBLIC



CORPORATE POLICY 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 which are being implemented on an ongoing basis. |
| 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 an estimated completion date of December 2024.

In addition to the continued welfare reform agenda, the cost of living crisis has put significant pressure on household budgets. Additional one-off payments and support schemes have been introduced to mitigate some of this impact in addition to established schemes such as Discretionary Housing Payment, the Scottish Welfare Fund. The roll out of benefits devolved to Scotland is continuing.

D.2 Universal Credit

Universal Credit (UC) is delivered by the DWP and integrated 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 administer Universal Credit (UC) but UC does impact on the administration of those benefits retained by local authorities, including the Council Tax Reduction Scheme (CTRS), Discretionary Housing Payment (DHP), and Scottish Welfare Fund (SWF). West Lothian went live with UC full service on 16 May 2018 and full-service UC is now in place across the UK.

The latest UC Official Statistics published by the DWP state, as at April 2022 a total of 14,956 people in West Lothian are on UC. 8,969 of these UC claimants are not in employment with 5,982 in employment.

The next step in the continued UC rollout is known as managed migration, this is where DWP/HMRC move claimants from Housing Benefit (and other legacy benefits) across to Universal Credit (UC) under a formal exercise. The migration exercise commenced from 9 May 2022 initially in two areas in England, Bolton and Medway. DWP plan to develop their processes gradually and will start by sending up to 250 migration notices in each of the two areas. It is expected that the exercise will gradually cover other areas and test processes with greater numbers of claimants before scaling up to the full exercise.

DWP have said that the migration exercise is scheduled to be completed by the end of 2024. They restarted work on the migration process from May 2022 with the first migration notices being issued to customers.

D.3 Discretionary Housing Payment Fund

The DHP fund provides 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 bedroom tax) in the social rented sector. The Scottish Government reimburse councils for the full amount of expenditure incurred to mitigate the impact of the bedroom tax.

Funding arrangements for DHP for 2022/23 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 2021/22 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 80% of the expected cost of bedroom tax mitigation and West Lothian received £2,279,453 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 2022/23 is £2,761,000. 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 2022/23.

Funding for the category 'other DHPs' in 2022/2023 for West Lothian is £350,561 as detailed below:

Core DHP	£45,249
Local Housing Allowance	£36,511
Benefit Cap	£199,425
Additional Scottish Government Funding	£79,376
Total	£360,561

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 2021/22. This was redistributed from those local authorities who had an underspend in their 2021/22 DHP allocation.

DHP spend in 2021/22 is summarised as follows:

	Number of Awards	Spend to date
Benefit Cap	68	£122,323
Bedroom Tax	5070	£2,918,581
Local Housing Allowance /Combination	7	£3,573

Core DHP	751	£366,307
Total	5896	£3,410,784

Funding for administrative costs, based on the number of claimants affected by the bedroom tax, local housing allowance and benefit cap, is £45,271 for 2022/23.

D.4 Scottish Welfare Fund

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

In 2021/22 total spend for SWF was £2,227,641. Scottish Government funding was £1,134,159 with an additional West Lothian Council top up of £1 million. The total West Lothian Council Scottish Welfare Fund spend exceeded the Scottish Government budget by £93,482.

Scottish wide SWF funding for 2022/23 will continue to be maintained at £40.9 million. The Scottish Government is undertaking a review of the Scottish Welfare Fund over the coming year. That review will consist of research and data analysis undertaken independently by Ipsos and will include examination of levels of funding and take-up as well as gathering insight into how the Fund is administered.

West Lothian Council received Programme Funding for 2022/23 of £1,134,149 and Administration Funding of £174,851. This is a reduction of £10 in programme funding and increase of £3,010 in administration funding on the 2021/22 funding.

Scottish Government Programme Funding is being supplemented by additional West Lothian Council funding of £1.198 million.

West Lothian's allocation for SWF for 2022/2023 is detailed below:

SWF programme funding	£1,134,149
Additional West Lothian Council programme funding	£1,198,000
Administration Funding	£174,851
Total	£2,507,000

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

The 2022/23 SWF spend to 20 June 2022 is summarised as follows:

	Number of Awards	Expenditure (£)
Crisis Grants	1916	224,915
Community Care Grants	340	275,963
Total	2256	500,878

The above expenditure does not include applications received prior to 20 June 2022 that are still to be processed. There are currently 204 Community Care Grants and 54 Crisis Grants to be assessed.

D.5 Additional Financial Support as a result of the “cost of living crisis”

The ‘cost of living crisis’ refers to the fall in ‘real’ disposable incomes that the UK has experienced since late 2021 caused predominantly by high inflation outstripping wage and benefit increases.

In response a £150 cost of living award was announced as part of the 2022/23 Scottish budget. This cost of living award was administered by local authorities and was made to either:

- A person who lives in a dwelling in any Council Tax valuation band, is liable for Council Tax and is in receipt of Council Tax Reduction (CTR)
- A person who lives in and is liable for council tax for a council tax Band A-D dwelling and does not receive Council Tax Reduction
- Certain categories of person living in a property exempt from Council Tax.

A total of 61,191 households within West Lothian met these qualifying criteria. An exercise to make these payments was performed in February 2022 with £9,178,650 paid in the form of a Council Tax credit or cheque payment.

In addition, the UK government has also announced cost of living support schemes to assist and these are outlined below:

Energy Bills Support Scheme

All households will get £400 of support with their energy bills through an expansion of the Energy Bills Support Scheme.

Energy suppliers will deliver this support to households with a domestic electricity meter over six months from October 2022. Direct debit and credit customers will have the money credited to their account, while customers with pre-payment meters will have the money applied to their meter or paid via a voucher.

£650 one-off Cost of Living Payment for those on means tested benefits

More than eight million households on means tested benefits will receive a payment of £650 in 2022/23, made in two instalments. This includes all households receiving the following benefits:

- Universal Credit
- Income-based Jobseekers Allowance
- Income-related Employment and Support Allowance
- Income Support
- Working Tax Credit
- Child Tax Credit
- Pension Credit

DWP will make the payment in two lump sums, the first from July 2022, the second in the Autumn 2022. Payments for customers in receipt of Tax Credits will follow shortly after. This payment will be made directly to customers, is not liable for tax and will not have any impact on existing benefits.

£300 one off Pensioner Cost of Living Payment

Pensioner households will receive an extra £300 in 2022/23 to help them cover the rising cost of energy this winter. This additional one-off payment will go to the over eight million pensioner households across the UK who receive the Winter Fuel Payment and will be paid on top of any other one-off support a pensioner household is entitled to.

All pensioner households will get the one-off Pensioner Cost of Living Payment as a top-up to their annual Winter Fuel Payment in November/December 2022.

The Winter Fuel Payment is payable automatically to people who get the State Pension or another social security benefit (not Housing Benefit, Council Tax Reduction, Child Benefit or Universal Credit) This payment is not taxable and does not affect eligibility for other benefits.

£150 one off Disability Cost of Living Payment

Around six million people across the UK who receive the following disability benefits will receive a one-off payment of £150 from September 2022:

- Disability Living Allowance
- Personal Independence Payment
- Attendance Allowance
- Scottish Disability Benefits
- Armed Forces Independence Payment
- Constant Attendance Allowance
- War Pension Mobility Supplement

For disability benefit recipients who receive means tested benefits, the £150 will be on top of the £650 one off cost of living payment which they will receive separately.

These payments will be exempt from tax, will not count towards the benefit cap, and will not have any impact on existing benefit awards.

West Lothian Council Cost of Living Support

West Lothian Council has also approved a number of support schemes, these include:

- £135,000 allocated to a “feeling the pinch” fund delivering specific one-off funding for households who need assistance but do not qualify for other types of support available.
- £392,000 allocated to provide an £80 “winter support payment” to customers in receipt of Council Tax Reduction most likely to experience hardship in the winter months including:
 - Lone Parents
 - Disabled pensioners
 - Those in receipt of Universal Credit with a limited capability for work
 - Those with a carers allowance
- £42,000 to provide additional support for energy bills for people with disabilities
- £637,000 to provide an £80 payment to households in receipt of a School Clothing Grant in January 2023 to assist with the cost of winter clothes.

D.6 Additional financial support for children in receipt of Free School Meals and School Clothing Grants.

In January 2023, an additional school clothing grant of £80 will be paid to the parents or guardians of children who are in receipt of a clothing grant for the 2022/23 Academic Year. Based on the number of children in receipt of a school clothing grant in the 2021/22 financial year, it is estimated that this additional payment will benefit approximately 7,500 children

Funding from the Scottish Government has enabled the council to continue to provide financial support during 2022/23 to parents or guardians during the school holiday periods if their child is in receipt of Free School Meals, or for children in P1 to P5 who receive Universal Entitlement to Free School Meals but would otherwise qualify because of low household income to help them with the rising cost of living and in particular food and fuel costs. A payment of £15 per week will be paid for each child during holiday periods. Based on 2021/22 figures, it is estimated that 5,700 children will benefit from this payment.

The Scottish Government has committed to continue the Bridging Payment for the remainder of this calendar year. Parents or guardians of children in receipt of Free School Meals have already received a Spring and Summer payment of £130 for each child and will receive a further payment in October 2022 and December 2022. The qualifying conditions for this payment are the same as the school holiday meal payments so based on 2021/22 figures, 5,700 children will benefit from this payment.

D.7 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 (SCP) was introduced on 15 February 2021 to provide support for low-income families with children under six. The SCP was increased from a weekly payment of £10 per child to £20 per child from April 2022 and is due to rise again by the end of the year to £25 per child.

The latest available statistics to March 2022 confirm in 2021/22 a total of £55,078,940 SCP was paid. Since its launch a total of 157,755 applications have been received for SCP with 5,680 being received from residents of West Lothian.

Adult Disability Payment

Adult Disability Payment (ADP) is a benefit for disabled working-age adults who live in Scotland. It helps with the extra costs incurred by people with disabilities or people who have a long-term health condition. Adult Disability Payment is replacing Personal Independence Payment (PIP) in Scotland.

ADP for new applicants is being introduced through a phased approach, this began in March 2022, Details of the roll out schedule are provided in the table below:

Roll Out Date	Local Authority/Health Board Area
21 March 2022	Perth and Kinross, City of Dundee and the Western Isles
20 June 2022	North Lanarkshire and South Lanarkshire

25 July 2022	Fife, City of Aberdeen, Aberdeenshire, Moray, North Ayrshire, East Ayrshire and South Ayrshire
29 August 2022	All remaining authorities

People already receiving PIP and DLA do not need to make an application for ADP. These existing awards will transfer automatically from the DWP to Social Security Scotland. Cases will transfer in stages starting from this summer and this process is expected to be completed by the end of 2025.

Cold Weather Payment

From February 2023 Cold Weather Payments will be replaced by a new benefit called Low Income Winter Heating Assistance (LIWHA).

Low Income Winter Heating Assistance will provide an annual £50 payment, automatically through Social Security Scotland, to anyone who qualifies.

The qualifying criteria for LIWHA mirrors that of Cold Weather Payments.

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.

The potential issues arising from the continued cost of living crisis and DWP led reforms and devolved Social Security benefits will continue to be monitored. 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.

Appendices/Attachments: None.

Contact Person: Nahid Hanif, Anti-Poverty Manager, Tel: 01506 283022
Nahid.Hanif@westlothian.gov.uk

Donald Forrest
Head of Finance and Property Services
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