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East Lothian Council

Additional information:

This is a response to a questionnaire sent by the Scottish Parliament Local Government and Regeneration Committee as part of their inquiry into the flexibility and autonomy of local government in Scotland.

Authorised By	Angela Leitch
Designation	Chief Executive
Date	06/05/14

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Dear Committee Members

QUESTIONNAIRE TO SCOTTISH LOCAL AUTHORITIES ON IMPACT OF WELFARE REFORM ON 2014/15 AND 2015/16 SPENDING PLANS AND RESOURCES

1. Benjamin Morton wrote to council Chief Executives on 19 March with a questionnaire about the impact of Welfare Reform, connected with your Inquiry into the Flexibility and Autonomy of Local Government in Scotland. I am responding on behalf of East Lothian Council.

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

Housing

2. We have an acute shortage of 1 bedroom properties in East Lothian, which means that it is not possible to move everyone affected by under-occupancy to a smaller property even if they wish to downsize. The Council offers financial incentives for people to downsize and while some tenants have taken this option, this has a consequent impact on our ability to meet our homeless priorities (as 1 bedroom properties are most in demand for this group also).
3. Some people have received Discretionary Housing Payment (DHP) to cover under-occupancy, however the prerequisite that the tenant needs to be in financial hardship means that it hasn't always been an option for those affected by under-occupancy to have their 'bedroom tax' covered by DHP.
4. The Council is making a concentrated effort at present to engage with and offer appropriate advice to people who are at risk of falling into arrears on their rent.
5. We anticipate that the pressure on smaller sized properties will also lead to more people staying longer in temporary accommodation or B+B, which would serve to increase the pressure we had already anticipated with the abolition of priority need in homelessness. This places an additional burden on the General Services

budget. At this stage it is difficult to quantify the financial effects, but there is a general perception that it is potentially adding to demand.

Children's Wellbeing

6. Council officers working in children's services comment that the key issue in this area of work is the impact on families in financial poverty, where they can see children experiencing real neglect/harm. They refer families to all other known sources of assistance and help e.g. foodbanks, clothing banks, benefits etc. They also support some through the Council's budgets for the promotion of welfare of children in need (Section 22) and for supporting young people leaving care (Section 29) (Children (Scotland) Act 1995).
7. Colleagues have commented that while they understand that it is necessary to have consistent eligibility criteria, allowing families and individual to access Benefits/Welfare/Crises Loans etc, these stringent rules lead to the 'social work budgets' compensating (and overspending) when people are unsuccessful in those claims.
8. Additionally, we have increasing presentation from young people moving on through-care and after-care, requiring housing and survival supports, due to their housing and employment circumstances e.g. they live on Benefits of c. £57.00 per week, and struggle to survive.
9. In relation to the spend on both Children's Wellbeing budgets mentioned above, we have seen the spend on both the promotion of welfare of children in need (Section 22) and supporting young people leaving care (Section 29) (Children (Scotland) Act 1995) go well above the budgeted figure:
 - a. in 2012/13, the combined budget of these sections was £53,565. Our actual spend was £117,889;
 - b. in 2013/14, the combined budget of these sections was £53,560. Our actual spend was £113,062.
10. Although it would be difficult to say that this is solely or directly connected to the changes in welfare reform, staff would be of the opinion that welfare reform, benefit suspensions etc are a significant factor.
11. Inevitably, increased staff time is being spent on related matters, although we have not sought to quantify this.
12. See also under Qs 3 & 4.

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?

Scottish Welfare Fund

13. The Scottish Government introduced the Scottish Welfare Fund (SWF) only from **1st April 2013**, which means we cannot give you figures for 2012/13. We do not have reliable data concerning its predecessor scheme (The Social Fund) which was administered by the Department for Work and Pensions.
14. The Council provides monthly returns to the Scottish Government in connection with the SWF (in common presumably with the other 31 local authorities in Scotland, which would suggest a useful line of inquiry for your committee). Please see the following for information about expenditure from the SWF in East Lothian in 2013/14.

Crisis Grants

15. At the time of writing we have not yet collated the final figures for the month of March (and therefore the whole financial year 2013/14). However we can report that as of 28th February 2014 ELC had spent **£77,033** of its allocated **£125,757** Crisis Grant, (CG) budget. This represents **61%** of the annual CG budget.
16. March will obviously increase this figure however ELC will still be in an under spend position (for Crisis Grants) at 31st March 2014.
17. We understand that this compares well with the figure for Scotland as a whole, for which at 28 February 2014 only **36%** of the CG budget had been spent. It seems clear that ELC is closer to its 2013/14 spend profile than many other Scottish councils.

Possible reasons for Crisis Grants underspend

18. The reasons for an SWF underspend are varied and are perhaps made more complex by the polarised views of the Scottish & UK Governments on welfare reform.
19. It is not surprising that it proved difficult in the first year to anticipate the demand and therefore spend for any new scheme. Whilst SWF is the successor scheme for 2 elements of its DWP predecessor, (the Social Fund), it was initially intended by the DWP to come to Local Authorities with a 10% cut in its transferred budget. The Scottish Government decided to inject a further £9m, effectively mopping up the DWP shortfall. However, given that SWF's local, holistic delivery model differed significantly from the Social Fund, it was difficult to anticipate what the appropriate level of demand was likely to be.

20. In delivering SWF we have responded to the demand as it has presented. Halfway through the financial year 2013/14, in October 2013, the Scottish Government eased the qualifying criteria. As a result, East Lothian Council's profiled expenditure was exceeded during the last 2 quarters of the financial year. So whilst we may have an overall underspend for 13/14, we will now have to manage the demand more tightly through 14/15 to ensure we remain within budget during the 2nd year of operation.
21. We are confident that we have implemented and managed the new scheme in line with the demand and the requirements of the scheme as they prevailed at any particular time in question, whilst also securing the gateway to public funds against misrepresentation and fraud.

Community Care Grants

22. The Scottish Welfare Fund also includes Community Care Grants (CCG), not mentioned in the questionnaire. In the view of relevant officers of the Council, CCGs are an effective method of tackling poverty by making a more significant difference in people's circumstances (as opposed to dealing with immediate crisis).
23. As at 28th February 2014, ELC had spent **82%** of its CCG budget.
24. We are allowed to 'vire' money between the CG & COG budgets so we could still get to a position where we were transferring an unspent CG balance to maintain COG payments.
25. Staff have commented that a positive thing about the change from the Social Fund has been the improved speed of provision for the goods being purchased, and the improved choice to applicants within the process.

The future

26. As far as 2014/15 is concerned we are still awaiting confirmation of the exact amount of the SWF budget from the Scottish Government. However our working assumption is that the Crisis Grant element will be **£126k**.
27. We are also confident that SWF spend in its second year of operation will be closer to the spend profile: therefore less likelihood of an underspend in 2014/15.

[Q3 follows on next page]

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?

Staffing and Activity

28. Additional staff (18 Housing Officers, 4 Tenancy Support Officers) spends time on engaging with those tenants affected by 'bedroom tax', to ensure they are advised appropriately on their options. There has been increased demand for people requiring tenancy support, e.g. affected by bedroom tax, needing to downsize, experiencing financial hardship, other debt issues, etc. We have also experienced a huge increase in referrals by staff to the food banks for tenants who don't have enough money to live on. Some of the vulnerable people affected have disabilities, mental health problems etc. In addition, the impact of reduced social work care and support packages are also being felt as fewer people meet the eligibility criteria for receiving social work support: Tenancy Support staff are supporting these people now.
29. The Scottish Legal Aid Board awarded funding for 1.5 additional Tenancy Support posts for 18 months, specifically to work with people affected by Welfare Reform.

Publicity and assistance

30. The Council has instituted lots of publicity: leaflets and online publicity (including Youtube clips which were publicised locally) to encourage people affected by Welfare Reform to engage with the advice and support available.

Homelessness

31. As yet we have seen no increase in homeless applications as a direct result of welfare reform. As a result of our options approach over the last few years, we are in a similar position to most Scottish Councils where homelessness in terms of formal homeless assessments is decreasing.
32. However welfare reform appears to be having an impact in relation to the housing options open to clients, especially in regard to single homeless clients under 35 years of age, and of people who are homeless because of relationship breakdown.
33. The limitation of Local Housing Allowance to the shared-room rate for clients under 35, in an area where "flat sharing" has not traditionally been a well-used housing resource, has led the council to begin to develop new services to facilitate flat sharing. Even allowing for this, public sector/ social housing is increasingly the only "real" housing option for such clients
34. In terms of people who are made homeless because of relationship breakdown, some of these will be included within the under-35 issue, but the main driver in housing such clients is often the need to provide accommodation to allow for the

regular (but not continuous) accommodation and care of children. A flat-share environment is inappropriate for such accommodation and care. Housing to meet such requirements in essence means public sector housing as, even if the clients are over 35, they will only get funding for a 1 bed sized property in the private sector. Again the housing option can often only be a public sector property - which if it is a 2-bedroom property leaves the person subject to “bedroom tax” and accessing further public resources to mitigate that issue.

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?

Working Groups

35. The Council has established a **Welfare Reform Task Group** to ensure it is in a position to respond to the welfare reform agenda. The Task Group reports to the Council Management Team. The Task Group has a detailed Action Plan with the following actions:

- Review implementation of Scottish Welfare Fund and Discretionary Housing Payment
- Review Benefits Service and Staff
- Review passported benefits
- Provide assistance for on-line Universal Credit claimants
- Digital Inclusion strategy
- Develop Financial Capability project
- Banking facilities
- Data sharing/ risk identification software
- Review impact of Housing Benefit under-occupancy rules on tenants and rent arrears
- Review impact of Welfare Reform on Adult Wellbeing and Children’s Wellbeing
- Training Plan
- Communications Plan
- Review of Advice Services
- Establish Rights and Advice Forum
- Complete Tackling Poverty Strategy
- Apply for funding from Making Advice Work fund administered by Scottish Legal Aid Board
- Universal Credit Support Services Framework

36. The Council has also established a **Welfare Reform Reference Group** which includes representatives from the Welfare Reform Task Group mentioned above, and from Housing Associations, NHS, DWP, Citizens Advice Bureaux and other local advice agencies.

37. Officers have made the following reports to update the Council on action that has been taken, and they contain some financial information:

- http://www.eastlothian.gov.uk/download/meetings/id/13863/07_welfare_reform_update (28 August 2012)
- http://www.eastlothian.gov.uk/download/meetings/id/14277/04_welfare_reform_service_changes (26 February 2013)
- http://www.eastlothian.gov.uk/download/meetings/id/14779/03_welfare_reform_update (10 September 2013)

38. I hope you find this information helpful.

Yours sincerely

A handwritten signature in black ink that reads "Angela Leitch". The signature is written in a cursive style with a large initial 'A'.

ANGELA LEITCH
Chief Executive