

## **Welfare Reform Update**

### **Purpose of report**

For discussion.

### **Summary**

This report updates Members on the latest developments on welfare reform.

### **Recommendation**

That Resources Board note the update and offer any further steer on the issues covered.

### **Action**

Officers to take forward in line with Members' direction.

**Contact officer:** Dan McCartney  
**Position:** Adviser  
**Phone no:** 020 7664 3238  
**Email:** [dan.mccartney@local.gov.uk](mailto:dan.mccartney@local.gov.uk)

## Welfare Reform Update

### Local Welfare Assistance update

#### Background

1. The Crisis Loans community support grants elements of the Social Fund were localised from 2012/13 as the Local Welfare Assistance fund. The government had indicated it would decide on funding for the third year of the Local Welfare Assistance fund (2015/16) based on a review of local welfare schemes. However a decision to remove funding as a distinct grant in 2015/16 was made before the review had been completed. This decision was the subject of legal challenge that required the government to publish the review and reach a new decision about future funding following a consultation.

#### Government review and consultation

2. The Government has now published its review of local schemes<sup>1</sup> and completed its consultation on funding in 2015/16. The LGA responded to the consultation in two ways:
3. Firstly, through a formal consultation response highlighting the important role of local welfare assistance funding and the successful and innovative schemes councils have set up. The response outlines the impact that withdrawal of funding will have on vulnerable residents based on research that shows that three quarters of councils will scale back or cancel their schemes unless they are funded. As a result **the LGA called for separately identifiable and additional funding in 2015/16 in order that councils can continue to provide this important safety net to residents in need.**<sup>2</sup>
4. The second intervention was to send a joint letter to ministers (attached at **Appendix A**) with a small group of charities (Child Poverty Action Group, Crisis and Children's Society) to raise concerns and highlight the need for separately identifiable and additional funding in 2015/16.

#### Local Government Finance Settlement

5. The Local Government Settlement included the result of the consultation and announced that there will be no additional funding for local welfare. Instead the government has separately identified £129.6 million which will come from within existing budgets in 2015/16, which are being cut by £2.5 billion.
6. The decision is disappointing following the call made by the LGA for the Government to provide additional funding to support local welfare assistance. Separately identifying funding for local welfare from within the existing core grant effectively represents a cut that will put additional pressure on existing council services. As a result many councils will be unable to continue to run their local welfare schemes. LGA research shows that

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<sup>1</sup> Available at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/370763/local-welfare-provision-review-nov-2014.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/370763/local-welfare-provision-review-nov-2014.pdf)

<sup>2</sup> The LGA consultation response: [http://www.local.gov.uk/web/guest/welfare-reform/-/journal\\_content/56/10180/6031824/ARTICLE](http://www.local.gov.uk/web/guest/welfare-reform/-/journal_content/56/10180/6031824/ARTICLE)

without additional funding as many as three quarters of local welfare schemes will be scaled back or scrapped<sup>3</sup>.

7. The LGA will continue to urge the Government to reconsider its decision ahead of this settlement being finalised in February. The LGA press release responding to the Settlement is at **Appendix B** (with the response to the local welfare announcement at the end).

### **Discretionary Housing Payment update**

8. An announcement is expected to be made in early January on Discretionary Housing Payment (DHP) funding in 2015/16 on which an additional update paper will be circulated ahead of the Board meeting.

### **Universal Credit**

#### **TUPE**

9. The Department for Work and Pensions (DWP) has written to the LGA confirming their current position around TUPE. The letter (attached at **Appendix C**) highlights that the spending review is the current key timetable driver for the department. Due to this they expect to be in a better position to help councils plan their 2016-17 staffing and service requirements from autumn 2015. Therefore no change to housing benefit admin grant arrangements will be made before 2016-17.
10. The DWP has further confirmed that this situation means no decision on the transfer of staff has been taken. They have also recognised that there is a further conversation to be had around the future plans for pension age housing benefit which may also have an impact on council staffing.

#### **Housing benefit IT suppliers**

11. The LGA has previously communicated to all councils that in the future they may be having conversations with their IT suppliers about changes to their systems to share Universal Credit (UC) related data with the DWP. In principle, the DWP should pay costs related to UC, which are technically a "new burden". The DWP are putting an approvals process in place to deal with this.
12. The LGA has been pursuing discussions with the DWP about an issue relating to historic IT costs relating to UC. An oral update about this will be provided at the meeting.

#### **National Expansion**

13. The DWP has begun preparing for the national expansion of UC. Rollout will commence from February 2015 for single claimants previously eligible for Jobseekers Allowance. This means that a number of new councils will be going live with UC from as soon as February 2015. The DWP has had preliminary discussions with all councils who have been grouped within the first tranche of rollout. These discussions have provided an opportunity for councils to share any views they have about national expansion. A list of the councils in the first tranche can be found at **Appendix D**.

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<sup>3</sup> LGA survey results: [http://www.local.gov.uk/web/guest/media-releases/-/journal\\_content/56/10180/6583322/NEWS](http://www.local.gov.uk/web/guest/media-releases/-/journal_content/56/10180/6583322/NEWS)

14. A draft copy of the Delivery Partnership Agreement (DPA) between Jobcentre Plus and Local Authorities has been shared with councils including all those who sit on Transition Working Group (TWG). This will be the vehicle for funding all national expansion activity. Further scope exists for locally negotiating the details of the DPA to reflect the specific local circumstances of each council. LGA officers will continue to keep in close contact with councils in the first tranche of rollout. All councils in tranche 1 have been invited to send an elected member to a private meeting with Cllr David Sparks and Lord Freud in early January, to discuss national expansion.
15. The DWP have completed the rollout of UC for single claimants across the North West. Work has now begun to rollout the expansion to families in the North West and live sites.

**Digital expansion**

16. DWP have begun to test out the future digital service for UC. The test of the enhanced digital service began on 26 November in Sutton. Claims are currently being taken from a single postcode in Sutton. All eligible claimant types inside the postcode can apply. The digital service consists of one online account for everything – payments, report changes and to view information. A further oral update will be provided at the meeting.

**Universal Credit Trial Sites**

17. The UC trial sites are all up and running. Cllr Sparks and Lord Freud both visited the Lambeth, Lewisham and Southwark trial in early November. The visit flagged up the success of the trial with all partners working well together and being able to operate in a flexible manner across organisational boundaries. Cllr Sparks was keen to flag up that as we move towards further co-location and co-commissioning there are issues around governance which need to be reviewed. LGA officers are working on these issues with the DWP. An interim report from the trials will be available in March 2015.