

WELFARE REFORM COMMITTEE

FUTURE DELIVERY OF SOCIAL SECURITY IN SCOTLAND

WRITTEN SUBMISSION BY FALKIRK COUNCIL

The Inquiry is looking for views on how the proposed devolved powers might be used to better deliver benefits in Scotland. Under the four workstreams below, the Committee would particularly welcome:

- Practical suggestions to ensure that the principles of dignity, respect, support, equality and common sense are embedded in the new system.
- Views on the integration of Scottish devolved benefits with existing devolved powers and any unintended consequences of changes.
- Systems of intergovernmental working in relation to benefit delivery

Workstreams

A) How should the new welfare powers proposed by the Smith Agreement be used to improve or change Personal Independence Payments, Disability Living Allowance Attendance Allowance and Carer's Allowance

We suggest that a more social model approach to disability is taken, where the current ways that our society is organised is seen as restricting life choices for disabled people rather than their physical or mental impairments. As part of this approach, eligibility criteria should consider the effects of disability on all aspects of daily living and not be confined to personal care needs. Additionally the element of current Personal Independence Payments which allows for enhanced rate of care without night time needs and enhanced mobility when not virtually unable to walk, should be included in a reformed Disability Living Allowance or similar new benefit.

We suggest that further roll-out of Personal Independence Payments should be immediately halted to allow for an independent review of the effectiveness of the assessment process and a wholesale review of the eligibility criteria.

Assessment of entitlement to benefit

We believe that more emphasis should be placed on obtaining relevant information from professionals that work with claimants. Consideration should be given to developing a system where health care professionals who work directly with claimants have responsibility and receive compensation for providing information to validate whether a claimant should receive benefit. This would remove or at least reduce the need for people to attend assessments with unknown health professionals, which currently often involve significant travel and can be highly stressful, both physically and mentally, for the individuals involved.

Where independent assessments are required, the provider should ensure that there are sufficient and suitable facilities to meet the needs of claimants. There should be an immediate end to claimants having to travel long distances (e.g. Falkirk to Edinburgh/Glasgow) on public transport for an assessment. In 2014 there were 263 PIP assessments in the local Falkirk venue, while 1943 took place in the Stirling venue.

If the current model of using independent providers to carry out assessments continues then there is scope for considerable improvement in communication between agencies. The following example demonstrates communication issues between the Department of Work and Pensions and assessment provider: In a recent case the assessment provider accepted an individual's need for a local appointment and the assessment was arranged for 24.6.15. Before this took place the DWP wrote to the assessment provider advising the individual would have to be assessed by 23.6.15. The assessment provider therefore cancelled the assessment for 24.6.15 and arranged another in Edinburgh for 19.6.15. The individual could not cope with travelling to Edinburgh and therefore did not attend their assessment. The individual is now receiving support from Falkirk Council's Welfare Benefits team to help resolve these issues and move their application forward, at significant additional costs for DWP, the assessment provider and the Council.

Many disabled people with poor mobility are currently excluded from the mobility component of DLA/PIP due to the age restrictions (must be claimed before age 65). We believe that this should be addressed to ensure that people are not excluded/isolated due to mobility problems just because of their age.

Carer's Allowance

Carer's Allowance should remain a discrete benefit, separate from Universal Credit, and without means testing, e.g. as in its present form. Moving it to a means-tested model would financially penalise customers who would otherwise not be entitled to Universal Credit (e.g. in a relationship where joint income would exceed the threshold for eligibility). Additionally this de-values the effort and role carers play in reducing the burden on health and social care services. We suggest that Carer's Allowance should be paid at a much higher rate in recognition of the amount of work that is actually done by carers.

B) How should the new welfare powers proposed by the Smith Agreement be used to improve or change Universal Credit (housing element and administrative arrangements) and Discretionary Housing Payments

Housing Cost element of Universal Credit

While we would have preferred the Housing Cost element to be removed from Universal Credit and left under the administration of Housing Benefit by the Local Authorities, this is not the case. To mitigate this we would urgently look for the Housing Cost element to be paid to the landlord by default in the public sector and not direct to the tenant.

If the Housing Element cannot automatically be paid to the landlord for all social tenant claimants then it should be the default option for claimants. This would allow claimants to opt to pay their own rent if they wished to do so whilst ensuring that the majority of rent is paid directly to local authorities and Registered Social Landlords, reducing the resources required to manage rent collection and arrears.

If a tenant requests the Housing Cost element be paid to them, that should be authorised only where the DWP have confirmation from the landlord of that tenants' payment history and current account balance.

Additionally sufficient funding needs to be provided to enable robust management of rent accounts to identify at the earliest stage where a problem may exist or be getting worse and to ensure that local resources are available to support tenants who fall into difficulties with paying their rent.

Frequency of Universal Credit Payment

The Smith Agreement permits the Scottish Government to vary the frequency of Universal Credit payments. We suggest that this is only offered to those claimants who are in work or have a partner who is in work, and therefore are more likely to be used to budgeting on a monthly basis. Other claimant groups should retain fortnightly payments, with an option to move to monthly payments when they are confident that they can manage their budgeting skills.

Additionally this power could allow local authorities to request a payment frequency appropriate to their contractual rent charge; however the costs and potential delay in adding these varying payment dates would appear to outweigh the potential benefits, at least in the short term.

Within the current system, the uptake and outcomes for Advance Payments of Benefits have been poor, with claimants having to specifically ask for an advance, and inconsistencies in the application of entitlement rules. It should be possible to design a system where out of work benefit claimants are offered an initial advance payment which could be reconciled on closure of their claim, given their income is unlikely to change significantly during the claim.

Rental Evidence

The current situation, where the responsibility to provide evidence of rent lies with the tenant, is open to error and fraud. Only if the tenant fails to provide information does the DWP / Job Centre Plus obtain a mandate from the claimant to contact the local authority to obtain the evidence. Obtaining this information directly from social landlords in the first instance would allow the details of the housing costs to be confirmed, reducing the risk of error or fraud.

Currently the DWP send a letter to the local authority on a claim by claim basis. This manual process is cumbersome, time consuming and resource intensive for both the local authority and DWP. Additionally claimants may lose out on receiving the housing cost element of Universal Credit if they do not provide the evidence within the one month assessment period. The DWP are not able to backdate claims if evidence is provided later.

We believe that it would be more efficient and effective if local authority (and other social landlords) provided the DWP with an electronic file of rental liabilities for all of their properties which DWP could use to verify the rent details when a Universal Credit claim is made. This would speed up the process, reducing the resources required and also reducing the risk of claimants missing out on benefit that they are entitled to. In the absence of electronic file data sharing, many local authorities have already set up electronic versions of Rent Statements which could be emailed to DWP on a case by case basis. This would reduce the need to send letters back and forth between the Universal Credit Service Centres and the local authorities, which causes additional administrative work and delays.

Administrative Arrangements

We believe that there is a significant opportunity to improve efficiency of the administrative arrangements that support the delivery of Universal Credit through using secure email and file exchange between DWP and local authorities as is currently done to support other benefits.

Whilst the “front end” of claiming Universal Credit is digital for the claimant, in reality the administration of this new benefit is mainly paper based for local authorities. The recent version of the DWP Universal Credit Learning & Development update lists over 20 forms that DWP have produced in order to provide, gather and request information on claimants from local authorities. This means that we are receiving letters or proformas via email which we then have to complete, scan and email or, in many cases, post back to DWP.

Currently local authorities request Alternative Payment Arrangements on an individual basis, again by completing a DWP form for each case and posting it back via Royal Mail. We were recently advised that these could be emailed, however this must still be done on an individual case by case basis. This process could be automated by the local authority producing an electronic file to transfer to DWP in the same way in which we currently request direct payments of other benefits.

Local Authorities continue to administer Council Tax Reduction and, for claimants on Universal Credit, we have to assess their Universal Credit as income. Previously a Council Tax Reduction interest flag was set on the DWP system when a JSA/IS/ESA claimant advised that they also wanted to claim Council Tax Reduction from the Local Authority. This allowed us to receive notifications via ATLAS of any changes in awards, ends of entitlement etc. In most cases, we could use that notification as a valid claim or change in circumstances for Council Tax Reduction. Under Universal Credit we now have to send out manual forms to Universal Credit claimants to gather information to claim Council Tax Reduction. In addition, as benefit relating to housing costs is no longer administered by Local Authorities we need to keep manual records of those Council Tax Reduction claimants in receipt of Universal Credit to do regular checks to see if their amount of Universal Credit has changed or ended. This is necessary to ensure that we are correctly assessing their income for Council Tax Reduction purposes as we are no longer entitled to receive that information directly from DWP. The resources associated with these manual processes are significant.

In addition, as proven through the pilot projects, further resources will need to be deployed to monitor and address the impact on rent collection as Universal Credit claimants receive their Housing Cost element direct rather than it simply being credited to their rent account as it was under the Housing Benefit arrangements.

The above challenges highlight the case for the housing cost element of Universal Credit to be paid directly to the landlord as mentioned previously.

Discretionary Housing Payments

Again the process of dealing with Discretionary Housing Benefit claims is manual, cumbersome and time consuming. DHP was designed as a top up to Housing Benefit,

administered by Local Authorities who had access to information on income, household circumstances and were able to easily identify whether the shortfall in rent was solely due to Size Criteria or that the claimant did not receive maximum benefit due to income levels or a combination of both.

Under Universal Credit, we do not have a breakdown of how the Housing Cost element has been calculated and therefore have to try to work out the reason for any shortfall in rent.

Additionally it is likely that many Universal Credit claimants will not claim Discretionary Housing Payment at the start of their Universal Credit claim. We are now proactively writing to all claimants as soon as we are made aware that Universal Credit has been claimed, to invite them to also make a claim for Discretionary Housing Payment and Council Tax Reduction.

Again this supports the case for continuing with the previous model where housing benefit was delivered by Local Authorities, given these benefits, reductions and payments are all interlinked. Under Universal Credit it is likely that many claimants will lose out and local authorities will experience more difficulty in collecting rent from claimants who do not receive sufficient payments to enable them to pay their rent.

One solution would be to enable Councils to award Discretionary Housing Payments for size criteria cases without the need for application by the claimant, given current Scottish Government commitment to meet this shortfall. This would ensure that Discretionary Housing Payments are made for those entitled to receive them. Under the current system there is a risk that some people, particularly those with mental health issues, may not apply for Discretionary Housing Payments.

C) How should the new welfare powers proposed by the Smith Agreement be used to improve or change the Work Programme and Work Choice

Falkirk Council has been concerned for some time that the effectiveness of employability programmes in Scotland have been adversely affected and negatively impacted upon by the lack of effective alignment with local infrastructure.

The Work Programme and Work Choice have both failed to connect and deliver for a number of vulnerable job seekers through the lack of local accountability due to the centralised design and management. A revised national 'one size fits all' programme would be an opportunity lost to better align and integrate employability support.

Falkirk Council has signed up to the "Local by Default, National by Agreement" policy statement approved by SLAED and COSLA and would advocate this approach on any re-design of these programmes through the Scotland Bill. The devolution of UK funded employability support provides a unique opportunity for transformational change in areas of service delivery that have previously been developed and delivered in silos.

It is also recommended that all DWP non-core employability spend such as the Flexible Support Fund, Support Contract and Youth Contract are effectively devolved as part of the employability support package.

Falkirk Council supports the Local Government Policy Statement which sets out a vision where employability is locally integrated and managed through Community Planning Structures. Falkirk Council, with its Community Planning Partners, has significant experience in designing, managing and delivering employability programmes for our most disadvantaged job seekers and would highlight the following aspects for inclusion or consideration to improve employability support:

- **Conditionality and Sanctions:** Whilst the devolution of this is not proposed and will remain a reserved matter, it is important to note that there is no evidence that this current approach under the Work Programme and Work Choice has been effective. We believe that flexibility in this area would improve engagement and outcomes.
- **Delivery Areas:** We believe that smaller operational areas, ideally based on local authority boundaries or sensible Regional boundaries are the most sensible package areas for coherent delivery and integration. This will enable integration with employability pipelines utilising the significant investment from EU funding over the next 5 years.
- **Contracts:** If the devolved employability support is to be subject to procurement then programmes contracts should be at least 3 years to avoid annual contracting processes and should be aligned with a refresh of Scottish Government employability support programmes to enable an all age approach.
- **Systems:** There is a consensus via the Scottish Employability Forum that there are problems around infrastructure. The new welfare powers should be used to create a more coherent, joined up infrastructure with common definitions, reporting and payment systems.
- **Communications:** Currently, many sanctions result from information reported to the Jobcentre by the work programme provider. There needs to be a robust and effective line of communication between the provider and the Jobcentre to ensure that a person is not sanctioned inappropriately. For example, a claimant was referred to the work programme because he was on ESA and in the work related activity group. However, an appeal was underway to challenge the original decision and move him into the support group. The claimant had to meet the ongoing requirements within the work programme, or face sanction. At appeal it was decided that the claimant should have been in the Support Group all along. As a result he does not have to comply with the work programme requirements any longer. However, due to delays and lack of communication between the provider and DWP, the fact that the claimant is in the support group is not known, leading to inappropriate sanctions.
- **Operational issues:** The work programme lasts for 2 years. When a claimant moves from ESA (WRAG) to ESA(SG) they remain in the work programme. Although there is no longer any conditionality, requirement and no risk of sanction, the provider will continue to try to engage with the claimant on a regular basis (usually monthly by telephone). This is a waste of resource and can be quite distressing for claimants, particularly those with mental health problems.

- **Delivery:** Consideration should be given to ensuring that work programme providers have a minimum requirement to deliver services via a reasonable mixture of channels which can be aligned to a claimant's health or disabilities, e.g. a requirement to provide telephone or digital contact as a suitable delivery channel where the claimant's mental health renders face-to-face participation an unreasonable requirement.
- **Flexible around individual needs:** Currently there are two work programmes, each with different mandatory requirements. Claimants are automatically assigned to a programme by a computer with no consideration of claimant's circumstances. We understand this is because the DWP have to share the referrals evenly between the two programmes. Given the differences in mandatory requirements between programmes, this appears to be a missed opportunity to ensure that claimants are assigned to the programme best suited for their requirements.

Participation in the Work Programme should have the option to waive or defer in circumstances where immediate participation would otherwise not provide a real or significant chance of improving the claimant's work prospects at the present time, e.g. the claimant is awaiting hospital treatment but is otherwise unable to move out of conditionality.

Work Programme opportunities should be reasonably aligned to the claimant's previous occupational history, skill-set and aspirations in order to reduce resistance to full engagement, and to ensure that a proper and vigorous complaints process is embedded where the claimant is directed to inappropriate opportunities. This will ensure that dignity and respect are firmly entrenched within the system.

Falkirk Council are keen to ensure that the new powers over employability support are used innovatively to transform and create a new fit for purpose infrastructure which recognises the substantial role and contribution to employability from Local Government. At a time of financial challenge, we would urge that new centralised bureaucracies are avoided and that powers are used to strengthen local democracy and accountability delivering locally managed improved services

D) How should the new welfare powers proposed by the Smith Agreement be used to improve or change the Regulated Social Fund, new benefits, top-ups and delivery of benefits overall

Inclusion of housing costs within Universal Credit has removed the opportunity to take a more holistic approach to benefits where all financial assessments could be carried out within the same team within a Local Authority. A single team could assess Housing Benefit, Council Tax Reduction, Discretionary Housing Payments, Scottish Welfare Fund, Free School Meals and Clothing Grants, Education Maintenance Allowance, Blue Badges and process payments for the new proposed disability benefits. This would reduce the need for claimants to provide income and expenditure details and evidence to multiple agencies and teams, offer the opportunity to maximise individuals income by ensuring they get all the benefits they are entitled to and deliver cost savings in terms of administrative resources.

Payments made for Funeral Grants under the Regulated Social Fund are insufficient to meet the costs of even a very basic funeral, with the grant covering less than half of the

expenses.. This puts the poorest people into an automatic debt situation. There should be agreement between funeral directors and the Scottish Government that sets cost of a basic funeral and would be covered by the Funeral Grant.

The engagement of third-party providers to conduct certain services on behalf of the Secretary of State, e.g. health and disability assessments and work programme provision, has seen accountability within the system diminish with the move towards 'black boxing' provision. A new public sector commitment to fairness, transparency and value for money should be applied in resourcing provision – particularly where providers have a track-record of poor performance.

A Scottish Social Security Advisory Committee could be established to provide independent advice and expertise on welfare reform. This could be on a permanent, semi-permanent or ad-hoc basis, with a legal obligation to consult the Committee on the establishment of new benefits or the restructuring of existing rules.

There is the risk of a perceived disparity between Scotland and the remainder of the United Kingdom where rules diverge; however we believe that this would be no more of a difficulty than explaining the differences between free personal care for the over 65's or free prescriptions.