

To: POLICY & RESOURCES (FINANCE AND CUSTOMER SERVICES) SUB COMMITTEE	Subject: SCOTTISH WELFARE FUND UPDATE
From: HEAD OF E-GOVERNMENT & SERVICE DEVELOPMENT	
Date: 13 <sup>th</sup> November 2014	Ref: IMcK/SD

## 1. Purpose of the Report

1.1 The purpose of this report is to:

- Provide an overview of current staffing arrangements;
- Outline the change in demand for the service since April 2013;
- Seek approval for changes to the staffing structure to better meet the needs of the service;
- detail the cost and funding proposal for these changes;
- Provide an update on progress towards the permanent scheme; and
- seek support for extending the Civica IT system contract by 12 months.

## 2. Background

- 2.1 The Scottish Welfare Fund (SWF) went live on the 1st April 2013 and was designed as an interim two year scheme to deliver Community Care Grants and Crisis Grants. The interim scheme will be replaced by a permanent scheme from April 2016. It had originally been the intention of the government to operate the scheme on a permanent basis from April 2015, however the parliamentary timetable has been reshuffled following the independence referendum and as a result the scheme will now operate under guidance for a further year before regulations come into force.
- 2.2 Funding of £2,956,014 for grants and £423,360 for administration costs was awarded for each of the financial years 2013/14 and 2014/15. Similar funding has been announced for 2015/16. Funding from 2016/17 will change and the Scottish Government is currently considering a 'usage' model for resource allocation as the best possible solution.
- 2.3 Throughout the first year of operations staff have risen to the challenges presented and have continually shown themselves to be flexible and able to cope with significant periods of change.

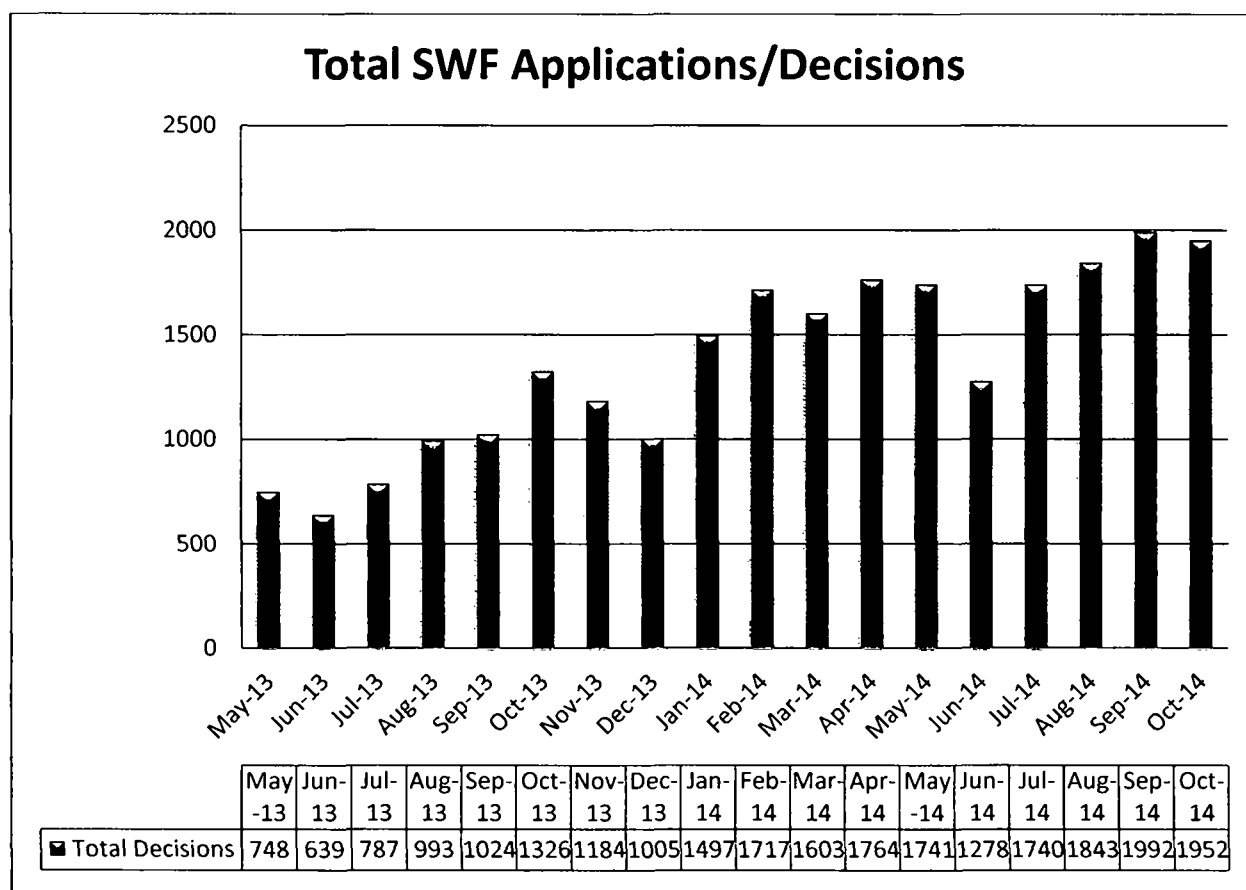
## 3. Demand for SWF Since April 2013

- 3.1 The number of applications received and processed by SWF continues to increase on a monthly basis and staff continue to undertake overtime in the evenings and weekends in order to cope with demand.
- 3.2 The service receives an average of 4,250 telephone calls per month which all come through the same 0300 telephone number. This means that those in Crisis are waiting

in the same telephone queue as those who are calling to ask general questions, or who are chasing progress on their application, furniture deliveries etc. Of the 4,250 calls per month, around 50% of those calls relate to crisis applications and all other calls to the SWF number effectively represent additional non crisis demand. This results in call waiting times which exceed the council's expectation and SLA's. It is important to note that the number of decisions being made by the core team has increased steadily since April 2013. From October 2013 (when demand increased to expected levels) the team has seen an increase of 50% in the monthly rate of applications/decisions. Table 2 below illustrates the steady increase in demand for SWF.

- 3.3 During August and September 2014, North Lanarkshire Council received more Crisis Grant applications than any other council in Scotland. This is due mostly to the impacts of welfare reform having a greater effect on those on low incomes in North Lanarkshire.
- 3.4 In line with prudent budget management, and to minimise the risk that the fund will not run out before 31<sup>st</sup> March 2015, the priority setting for Community Care Grants has been changed from November 3<sup>rd</sup> and is now set at 'High – Most Compelling'. Crisis Grants will remain at 'High' priority for the remainder of the financial year. Committed spend for this financial year is currently £2,226,819. See Appendix A for more detail on spend to date and the changes in priority settings since the outset of the fund.

Table 2



#### 4. Current Staff Structure

4.1 The original staff structure, put in place prior to SWF going live as a service, represented a 'best estimate' of staffing requirements based on information available during 2011/12 from the Department for Work and Pensions. This structure totalled 16 staff comprising the service manager, 2 team leaders and 13 decision makers. Over the course of the first year of operation adjustments were made to this structure to deal with 2<sup>nd</sup> tier reviews and also to supplement this core team as demand built over the year. Table 1 below shows the current structure of 22 posts with the costs for the first year of operation and projected costs for 14/15. The Council has now been operating

SWF for 19 months and during this time has been able to more accurately establish actual demand for the service and the resources required to provide the service across North Lanarkshire. The current staff structure is facing considerable pressure due to the volume of demand upon the service.

Table 1

Staffing	Cost 13/14	Cost 14/15
1 x Service Manager NLC grade 14	£50,285	£51,294
2 x Team Leader @ NLC 8	£60,419	£61,636
13 x SWF Decision Makers @ NLC 6	£302,063	£308,108
5 x CSA's @ NLC 4 (from last quarter 2013/2014)	£25,000	£105,689
2 <sup>nd</sup> Tier Reviewers @ NLC8 (initially 3 cut to 1)	£52,866	£30,818
<b>Total Costs (excluding overtime)</b>	<b>£490,633</b>	<b>£557,545</b>
Overtime (projected for 14/15)	£42,934	£55,000

- 4.2 There were significant additional overtime costs in the second half of 2013/14 associated with processing Community Care Grant applications out with core working hours as a result of increased demand for Crisis applications during the core business day. This overtime totalled £43k from October 2013 to 31<sup>st</sup> March 2014. Overtime requirement for the first 6 months of 2014 has already totalled £34,469 and is estimated to reach £55k by year end. It is envisaged that overtime will be all but eliminated from April 2015 if the changes outlined below are approved by committee.

## 5. Proposed Staff Structure

- 5.1 The changing demand and continual improvements to service quality including the reconfiguration of the Civica Discretionary Awards module, improved workflows and the introduction of Paypoint have put the service under considerable pressure to maintain a high standard of service to applicants. The service continues to experience high call volumes and significant additional non crisis demand on the single telephone contact number 0300 555 0405, though call abandonment rates and waiting times have improved considerably since the addition of the CSA staff in December 2013.
- 5.2 Significant effort has been expended to continually review business processes to ensure that the service is operating as efficiently as possible. Ongoing changes to the IT system have been undertaken, including streamlining of the application process, additional functionality to allow for more effective reporting and reconciliation of the fund activities. The conclusion of this work has resulted in proposed changes to the structure as detailed in table 3 below.

Table 3

Staffing	Cost
1 x Service Manager NLC grade 14	£52,553
2 x Team Leader @ NLC 8	£65,066
16 x SWF Decision Makers @ NLC 6	£384,330
4 x CSA's @ NLC 4	£85,514
<b>TOTAL COSTS per year</b>	<b>£587,463</b>

- 5.3 This structure represents an increase of 3 decision makers, the removal of the 2<sup>nd</sup> tier reviewer (as this service will be delivered through the SPSO from April 2015) and the retention of 4 Customer Service Assistants who will be located in the Customer Contact Centre and will take all non Crisis related calls including general enquiries, progress chasing calls and requests for information from internal and external partners. They

will be the referral hub for all food poverty/food crisis activity within the council from April 2015 to align with the council's Food Poverty and Insecurity Strategic Framework (2014).

- 5.4 The core decision making team will handle all crisis calls, decision making, holistic referrals, procurement and finance related activity as well as payment administration. The CSA staff will form part of a customer 'channel shift' from the 0300 telephone number which will allow Crisis applications to be made directly to the core team and shift additional demand to the contact centre for non crisis related activity. Decision making staff from the core team will then be able to handle all direct crisis calls and this will allow for speedier decision making for customers and further reduce the abandoned call rates for the service.
- 5.5 As outlined above, from April 2015 the responsibility for 2<sup>nd</sup> tier review hearings will transfer to the SPSO although the administration element of this function will remain with the council and will be carried out by the core decision making team. The current remaining 2<sup>nd</sup> Tier Review Officer will revert to their substantive post at the end of March 2015.
- 5.6 Proposed staffing arrangements in North Lanarkshire are in line with demand from applicants for grants and with that of other councils. North Lanarkshire has had the highest demand in Scotland of all local authorities for Crisis Grants over August and September. Glasgow City Council had the second highest demand yet has 35 decision making staff in comparison to NLC's proposed 23 staff in total, of which 16 are decision makers.
- 5.7 Current staff contracts were issued on a temporary basis until 31 March 2015 to reflect the interim scheme. As the service progresses to a permanent arrangement this will be reviewed. Consideration needs to be given to any impact as a result of the introduction of Universal Credit, particularly since the Council has now been advised that it will be in Tranche 1 of the introduction of this service from February to April 2015. Regular updates will be provided to committee as the permanent arrangements for the scheme become clearer.

## **6. Progress towards the Permanent Scheme**

- 6.1 Consultation on the permanent scheme closed on the 7th February 2014. This consultation was the first step in the legislative process. It included a draft Welfare Funds (Scotland) Bill to underpin the basis of the SWF and sought views on which elements of the current national guidance for the SWF should be set out in regulations and which in statutory guidance.
- 6.2 Informed by the outcome of this consultation, Scottish Ministers introduced a Bill into the Scottish Parliament on June 11<sup>th</sup> 2014. The Bill will be followed by regulations and statutory guidance during the course of 2015 that will set out the operational detail of the fund. There will be a separate consultation on the detailed regulations and statutory guidance during 2015 in preparation for a full roll out of the statutory scheme from 1<sup>st</sup> April 2016.
- 6.3 The Scottish Welfare Fund permanent scheme is subject to the following parliamentary timetable;

Introduced Bill	June 2014
Stage 1	November 2014
Stage 2	December 2014
Stage 3	January 2015
Royal Assent	March 2015
Regulations and Guidance	2015
Statutory Scheme 'go live'	April 2016

## 7. Civica I.T. System

- 7.1 It is proposed to continue the current arrangements with Civica to provide the I.T. solution for SWF for a further 12 months. There is currently no intention to move to a national I.T. platform for SWF, however proposals are being developed nationally around a collaborative procurement framework.. Stephen Devine, SWF Manager is currently part of the national SWF group which is considering the best fit solution for local authorities and is in a position to ensure that NLC has early sight of developments in this area.

## 8. Financial Considerations


- 8.1 Funding for the current structure is based on NLC receiving 14.3% (£423,360) of the headline budget (the DWP previously enjoyed a 20% administration funding ratio). This has never been sufficient to fully fund the administration of the scheme.
- 8.2 As outlined in Table 1 the staff costs (excluding overtime) projected for 14/15 are estimated at £557,545. If the structural changes outlined in Para 5 are implemented this rises to £587,643.
- 8.3 These costs are purely in relation to staffing and the administration of the fund also requires annual funding for ICT software licensing and other admin costs amounting to approximately £50,000 per annum. The total projected administration costs are therefore £637,463.
- 8.4 Representations have been made to the Scottish Government regarding the allocation of funding – both the funding of the grants themselves and the associated administration costs. It is our firm belief that North Lanarkshire Council should have a higher share of the national funding and an associated increase in the administration funding.
- 8.5 In the interim, it is proposed that the additional funding of £214,103 (i.e. £637,463 minus £423,360) required to fund the SWF team is met from the one off funds the Council has already set aside to deal with the impact of Welfare Reform.

## 9. Corporate Considerations

- 9.1 Proposals contained within this report have been the subject of consultation with the Director of Finance and Customer Services, the Head of Human Resources and the appropriate Trade Union representatives.

## 10. Recommendations

- 10.1 It is recommended that the Committee:-
- Note the significant progress made to date;
  - Note the extension of the interim arrangements;
  - Approve the proposed changes to the staff structure and the associated funding proposal;
  - Approve the continuity of the Civica contract by 12 months; and
  - Remit the report to the Policy & Resources (HR) sub committee.



### Head of E-Government & Service Development (EGASD)

*For further information please contact Irene McKelvey Head of EGASD, on 01698 302532 or Stephen Devine, Customer Contact Manger (SWF) on 01698 524816*

## Appendix A

### SWF update from 1<sup>st</sup> April 2014 – 31<sup>st</sup> October 2014

The fund has experienced demand in excess of that anticipated at the design phase. The council has changed its priority setting twice since the service began.

- October 7<sup>th</sup> 2013: the priority setting moved from 'High' to 'Medium', as demand for the fund initially was low;
- April 1<sup>st</sup> 2014: the priority setting moved from 'Medium' to 'High', as demand was building significantly and needed to be contained;
- November 3<sup>rd</sup> 2014: following the demand in August and September which exceeded any Council in Scotland, the priority setting moved from 'High' to 'High – Most Compelling' for Community Care Grants and will remain at 'High' for Crisis Grants. This will help manage the risk of the fund being exhausted before the end of the financial year.

SWF under spent by £474k in 2013/14 and this amount has been carried forward to 2014/15.

Including this carry forward, the fund currently has £1m approximately remaining for the final 5 months of this year and this has driven the decision to change the priority setting. This will help ensure the budget comes in on target by the end of March 2015. Detailed spend from 1<sup>st</sup> April – 31 October is detailed below:

<b>Crisis 2014/15</b>	
Paid/Committed (YTD)	£600,826
Budget (YTD)	£484,604
Percentage Committed against Budget Profile (YTD)	124%
Number of applications received (YTD)	9229
Number of cases assisted (YTD)	7002

<b>Community Care 2014/15</b>	
Paid/Committed (YTD)	£1,625,993
Budget (YTD)	£1,239,736
Percentage Committed against Budget Profile (YTD)	131%
Number of applications received (YTD)	3,550
Number of cases assisted (YTD)	2,676