

# OVERVIEW & SCRUTINY COMMITTEE

**CHAIRMAN:** Cllr Mike Haines

**DATE:** 20 November 2017

**REPORT OF:** Revenue, Benefits and Fraud Manager

**SUBJECT:** Universal Credit rollout

**PART I**

## RECOMMENDATION

- a) That Members note the content of this report and the presentation on Universal Credit (UC) due to be delivered at Overview & Scrutiny by Civica's UC Implementation Manager.
- b) That Members consider any particular actions they would like us to take going forward, perhaps in relation to support for claimants or monitoring of impacts

## 1. PURPOSE

To update Members on the current position regarding UC in Teignbridge and the likely impacts when we move to the Full (Digital) Service in May 2018.

## 2. BACKGROUND

UC is a means-tested benefit for people of working age who are on a low income. It replaces the six existing means-tested benefits listed below:

- Income-based Jobseeker's Allowance
- Income Support
- Income-related Employment and Support Allowance
- Working Tax Credit
- Child Tax Credit
- Housing Benefit

UC is a working age benefit only. People of pensionable age continue to claim under original benefit provisions.

### What's different about UC?

- UC is paid 'in and out of work'. No need to make a new claim for a different benefit when circumstances change.

## TEIGNBRIDGE DISTRICT COUNCIL

- Claimants are expected to sign a Claimant Commitment agreeing to spend 35 hours a week actively preparing for and searching for work.
- UC is designed to incentivise people into work and therefore there is no limit to the number of hours someone will be able to work and still claim UC. Instead, the amount of UC will gradually decrease as earnings increase before entitlement ceases altogether.
- Claimants will be expected to complete and maintain their claim on line.
- In couple households, both partners will need to make a claim for UC. Currently, for legacy benefits, only one partner makes a claim
- Claimants will receive one single monthly payment made in arrears instead of fortnightly or weekly payments
- Claimants will need a bank or building society account into which UC can be paid.
- Claimants must have an email account to make a claim and will subsequently manage their claim via email or mobile phone according to preference.
- UC will be paid direct to the claimant and those with a rent liability will be expected to make their own arrangements to pay their landlord. This is already the case for private tenants receiving housing benefit but for most tenants in social housing the rent is paid direct to the landlord. This will change when UC is rolled out. Alternative payment arrangements can be put in place for tenants who are considered vulnerable e.g. learning difficulties, mental health conditions, drug/alcohol problems, domestic abuse etc., or who accrue rent arrears.

### **National rollout of UC**

It was originally intended by the Government that UC would apply to all new claims from April 2014 and that all existing claims would migrate to UC between 2015 and 2017. Because of the complexities involved and difficulties encountered to date, the timeline for roll out has been reset and full roll out is not now expected to be complete until around 2021.

The Department for Work and Pensions (DWP) has also taken a phased approach to roll out in relation to both claimant type and the way claimants maintain their claims. Roll out originated with 'Live' Service which was restricted to the most straightforward cases, with claims maintained over the telephone. In May 2016 the DWP started to roll out 'Full' Service. This brought all claimant types into UC and required claimants to manage their claim online - claimants will be required to set up an online account to claim UC, report changes, message their work coach and find support.

## **TEIGNBRIDGE DISTRICT COUNCIL**

### **Latest statistics and information on UC (both rollout types) from DWP**

The latest data on the number of universal credit claims has been published by the DWP in 'Universal Credit: 29 Apr 2013 to 10 August 2017'.

The figures show that a total of 510,000 households were receiving universal credit in August 2017. Of these, 55 per cent had housing costs and, as a result, had the housing element included in their universal credit entitlement.

Of the households that received a payment of universal credit on the count date

- 55 per cent were entitled to support for housing;
- 45 per cent of those households with entitlement to support for housing were in the private rented sector, compared to 55 per cent in the social rented sector;
- 12 per cent of all households that were receiving payments of universal credit on 8 June 2017 had a managed payment of housing costs direct to their landlords
- 6 per cent of housing costs payments for private rented sector tenants are paid direct to their landlord
- over a third (34%) of claimants living in the social rented sector have a managed payment to landlords

**Further reports and statistical information published by the DWP are available at appendix A**

### **Roll out in Teignbridge**

UC Live Service started to roll out in Teignbridge in November 2015. In line with the DWP's approach at that time, the roll out was restricted to single, newly unemployed individuals, without children, who would otherwise be claiming job seekers allowance.

This approach has kept numbers low. There are currently only 436 UC claimants in Teignbridge and only 98 of these have any housing costs.

From May next year Teignbridge will move to UC Full Service. This will extend UC to all working age people including families who make a new claim for benefit or report a significant change in circumstances. Existing Live Service claimants will be invited to claim UC under Full Service around three months after 'go-live'. This will be timed to fit in with their monthly payment cycles.

Existing legacy benefit claims will gradually be migrated across to UC but this will not be completed until 2021 so, unless they experience one of the qualifying changes of circumstance, claimants already receiving housing benefit will continue to do so for some time to come.

## TEIGNBRIDGE DISTRICT COUNCIL

When we move to UC we will start to see a reduction in our housing benefit caseload for working age claimants. However, for the first year at least, our overall workload will not diminish as we are likely to experience, an increase in customer demand and council tax support change notifications. The presentation to be delivered at Overview and Scrutiny will provide statistical information about this based on the experiences of other local authorities who have already moved onto Full Service.

### **Support for claimants moving onto UC**

Claimants in financial difficulty whilst awaiting their first UC payment can request a recoverable advance of up to 50% of their UC entitlement.

Alternative Payment Arrangements (APA) are available for claimants for whom the standard monthly UC payment is not suitable. There are three types of APA:

- direct payment of housing cost to the landlord (managed payment)
- splitting of payment between partners
- more frequent payment of benefit (e.g. fortnightly)

Discretionary Housing Payments are available for UC claimants in the same way they are for housing benefit claimants. The Council will administer these payments for both HB and UC claimants

The DWP recognise that some claimants need help and support to make and manage their UC claim and have appointed Vulnerable Leads, based in the job centres, to provide this support.

The DWP will also provide funding to local authorities to deliver Personal Budgeting Support and Assisted Digital Support where necessary. We have not yet had confirmation of the funding we will receive from the DWP but we will need to look at how we and/or our partners deliver this support to ensure our more vulnerable residents are properly supported to make and manage the transition onto UC.

We chair the Teignbridge Welfare Reform Group which meets on a regular basis to consider the impacts of welfare reforms across the district and appropriate mitigations. We meet regularly to share information and to co-ordinate our efforts. The DWP attend these meetings and provide regular UC updates.

Social landlords will be told by DWP when one of their tenants makes a claim for UC allowing for tenants to be given support and advice from the start of their UC claim and for the landlord to apply for an APA if needed. The majority of APA's are set up within the first 3 weeks of a claim and therefore the first UC housing element payment goes to the Landlord. This pre-supposes that the Landlord or the claimant has asked for it. About 25-30% of claimants with housing element are on a direct payment APA.

## TEIGNBRIDGE DISTRICT COUNCIL

### Known concerns/issues

Customers have difficulty in verifying their identity online. Only around 25% do this successfully. Those that struggle to do so need to make an appointment with their work coach and this delays the process and ultimately receipt of their first payment.

The support required for vulnerable households to apply for Universal Credit is substantial in terms of time. A housing benefit application takes an officer potentially 15 minutes to complete with a customer, the Universal Credit application can take around an hour, depending on how many household members there are and whether the verification system works for that application. There is also the additional time spent by an officer to call through to DWP to finalise the application by booking the first appointment which is often well in excess of 30 minutes. These factors are all being considered in terms of impact on services.

The '6 week period' (7 day waiting period, 1 month Assessment period, 7 days before payment made) from when a claimant makes their claim and receives their first payment has been a cause of some significant concern and has reportedly resulted in customers already on low incomes ending up in rent arrears and debt and in some cases homelessness. This is particularly the case where payments take longer than 6 weeks, because of delays around verification of housing costs for example. This '6 week period' has received significant attention nationally and although unconfirmed it is possible this period may now be reduced. NB the first 7 day waiting period does not apply to claimants moving from a legacy benefit to UC or to claimants with certain exceptional circumstances e.g. recent victim of domestic violence, care leavers etc. Where the 7 day waiting period does apply, claimants are not paid for this period.

UC claimants often fail to claim Council Tax Support which leads to arrears and the potential for recovery action. Where we become aware of a UC claim via notice from the DWP to stop housing benefit, we will treat this as a claim for CTR which will reduce the numbers affected. Staff will also be apprised of this fact to ensure appropriate enquiries are made of the taxpayer when pursuing arrears.

UC roll out will see an increased level of approaches from people unable to pay their rent and subsequently at risk of homelessness. The Smith report reviews the impact of roll out of UC on social tenants and showed households on UC were on average, £156 more in debt on rent accounts than compared to those on Housing Benefit for the same period. Croydon Council reports collection rates in temporary accommodation drop from 91% to 59% under Universal Credit. Both The Smith Report released in October 2017 and the Review of Sedgemoor Impact Universal Credit 2016 report highlight the need for robust processes to tackle UC issues effectively and note the increase of workload on officers attempting to prevent and resolve UC issues for those in temporary accommodation and in social tenancies.

[http://britainthinks.com/pdfs/Safe-as-Houses\\_Universal-Credit\\_Oct-2017\\_FINAL-REPORT.pdf](http://britainthinks.com/pdfs/Safe-as-Houses_Universal-Credit_Oct-2017_FINAL-REPORT.pdf)

Housing teams have proactively tackled homelessness for many years, aiming to keep time in Temporary Accommodation to a minimum. Guidance from the

## TEIGNBRIDGE DISTRICT COUNCIL

Government instructs Local Authorities to not permit families to stay in B&B accommodation for more than 6 weeks. However, households applying for UC are sometimes awaiting payments for in excess of 6 weeks. If the household is not in the same temporary accommodation at the time the assessment is completed, the housing element will not be paid on these costs for that placement.

For example: Mr Smith is placed into a B&B in Torquay as no suitable vacancy is available elsewhere. He remains there for 4 weeks and he is assisted into a private tenancy. His UC claim has not been processed by the time he moves into the new tenancy. He updates his application to claim from the new address. The housing element is then only paid on the new address. Resulting in the local authority not receiving the costs of the temporary accommodation for the entire period.

Sedgemoor District Council commissioned services to support clients making UC claims via a service called Digilink, operated by volunteers through Citizen's Advice. Computer access and 1-2-1 assistance to obtain an email address and complete the online form were provided. The issues arising from this were limited opening sessions, incorrect information applied and applicants missing follow up appointments as unclear on the process and not accessing their portals regularly. Sedgemoor were forced into changing their approach for all homeless applicants as claims were not being submitted in timely manner or managed appropriately and Housing Officers now submit the claims with the clients going into temporary accommodation at the point of sign up. Therefore increasing the time taken to make placements, follow up reminders to clients to attend appointments, applications for direct payments (which were previously automatically completed by housing benefit) and chasing of claims via DWP.

Southwark is now attempting to reduce B&B placements to zero due to the financial implications of UC.

Some social landlords in the Teignbridge area have increased the initial "rent in advance" costs to secure a social tenancy in some instances up to 8 weeks rent in advance already in preparation for UC.

### **Preparing for UC**

Working with colleagues in Housing we have started to lay some foundations ready for introduction of UC and have:

- migrated all of our housing benefit caseload over to payment by BACS rather than cheque. Every housing benefit claimant, paid direct, now has a bank account into which their UC payment can be made.
- Introduced an online claim form for housing benefit claimants which has around 99% take up. Our residents are already familiar with making digital claims either themselves or have support networks in place to help them to do so
- Identified digital access points across the district

## TEIGNBRIDGE DISTRICT COUNCIL

- Upskilled staff to meet changing work demands and to provide holistic service to customers
- met regularly with Registered Social Landlords and our partners in the voluntary and community sector alongside DWP
- published all relevant information on our website.
- attended UC training sessions facilitated by DWP
- mapped caseloads across the district to identify areas most impacted by welfare benefits
- Captured impacts across Council Services including:
  - Internal Audit time spent on housing benefit may need to be reduced/refocussed
  - Potential difficulty in identifying concession rates for leisure memberships and garden waste collection service
  - Need to consider potential impact on market traders who may be affected by changes

There is more work to be done. We need to consider our support offer for residents, raise awareness among private landlords, extend staff training, review working practices, and update our web pages to reflect the move to Full Service. We also plan to review all current working age claimants who have their housing benefit paid direct to landlord to ensure they receive targeted support should they need to move onto UC. We also need to financially model the impact of reducing administration grant from 2018-19 on the costs of the service.

### **3. MAIN IMPLICATIONS**

The implications that Members need to be aware of are as follows:

There are significant implications to TDC homelessness budgets. For example if we are successful in securing alternative accommodation for homeless applicants in temporary accommodation before the UC is assessed (4-6 weeks providing they attend all appointments), we will not receive the housing element (payment towards rental costs) for the time spent in temporary accommodation if the placements are in Bed & Breakfast accommodation.

We do not expect to see any reduction in Housing Benefit Admin Grant as a result of our move to UC until year two. This recognises the fact there is no reduction in workload in year one.

Housing Benefit workloads will start to reduce from May 2018, but based on experiences of other local authorities already in Full Service we know the overall

## TEIGNBRIDGE DISTRICT COUNCIL

work volumes are likely to increase rather than decrease in the first year as we manage the transition to UC. More detail about this will be provided in the presentation.

### 4. GROUPS TO BE CONSULTED

N/A

### 5. WITNESSES TO BE CALLED

N/A

### 6. TIME-SCALE

Full Service is currently scheduled to rollout in Teignbridge from 31<sup>st</sup> May 2018

### 7. CONCLUSION

We have no control over the administration of UC, the roll out schedule or the rate at which our residents move onto UC. However, we will continue to plan and work together with our partners to ensure as smooth a transition to UC as possible and to make sure our residents are properly supported. We have forged strong links with our DWP Partnership Manager, the Job Centre Work Coaches and Vulnerable leads and this close working relationship, assisted by our imminent co-location will also help mitigate against some of the known issues with UC. The Teignbridge Welfare Reform Group is also proving valuable in providing a co-ordinated approach to UC and will ensure residents receive appropriate signposting, advice and guidance going forwards.

Tracey Hooper  
Revenue, Benefits and Fraud Manager

<b>Wards affected</b>	<i>All</i>
<b>Contact for any more information</b>	<i>Tracey Hooper Ext 5266</i>
<b>Background Papers (For Part I reports only)</b>	<i>N/A</i>
<b>Key Decision</b>	<i>N/A</i>
<b>In Forward Plan</b>	<i>N/A</i>
<b>In O&amp;S Work Programme</b>	<i>Yes</i>