

WAVERLEY BOROUGH COUNCIL
O&S - CUSTOMER SERVICE AND VFM
30 OCTOBER 2017

Title:

UNIVERSAL CREDIT UPDATE

[Portfolio Holder: Cllr Ged Hall]

[Wards Affected: ALL]

Summary and purpose:

The purpose of this report is to inform members of the Universal Credit changes to the welfare benefit system

How this report relates to the Council's Corporate Priorities:

Delivery of Universal Credit supports all the Council's priorities.

Financial Implications:

Detailed within the report.

Legal Implications:

The Council has a legal obligation to comply with the statutory requirement of Universal Credit statute.

Introduction

What is Universal Credit?

Universal Credit (UC) represents the biggest change to the welfare system undertaken since its inception and is the responsibility of the Department for Works and Pensions (DWP). UC applies to all people of a working age, pensioners are excluded. It brings together six different benefits into a single monthly payment to help claimants with their living costs.

The government's objective for UC is to make work pay. The reform is to help people move into and progress in work, whilst protecting the most vulnerable. UC is designed to replicate a monthly wage, replacing numerous individual benefit payments received at different times.

UC replaces the following legacy benefits:

- Income Based Job Seekers Allowance
- Income Support, Child Tax Credits
- Working Tax Credits
- Housing Benefit
- Income based Employment and Support Allowance

To encourage work, the qualifying income threshold for UC is less stringent than other benefits such as Housing Benefit. It provides seamless support for claimants who will not have to sign off one benefit and claim another when they are in and out of work. Under UC claimants retain their entire UC award up to a certain earnings point, and then there is a taper on UC of 63p for every £1 earned. This prevents the cliff edge experienced of dropping out of benefit under legacy benefit rules such as a maximum 16 working hours for housing benefit.

UC is based on a standard allowance to which the following elements can be added for households which meet the criteria:

- Limited capability for work
- Child element
- Disabled child addition
- Childcare costs
- Housing costs
- Carer costs

Previously three agencies were responsible for administering these benefits, HMRC, DWP and local authorities, under UC the claims are dealt with by the Job Centre, a single less confusing system for claimants.

It takes 5 to 6 weeks for a new claim to be assessed and the first payment to arrive. This time consists of 7 day sign on waiting period, one month assessment period and up to 7 days for the payment to transfer. The 7 day applies mostly to people coming out of work onto UC, not people transferring from a legacy benefit. The government has indicated that it will scrap the 7 day waiting period.

Claimants that might experience hardship can ask for an advance payment at the initial interview or calling the helpline at any time. Current claimants can also ask for an advance payment if they got a sanction. The maximum advance payment is 50% of the estimated monthly UC, repayable within 6 months by deduction from UC.

Rent arrears maximum recovery has been increased from 5% to 20% of monthly award to help clear arrears more quickly. This is significantly higher than under the legacy benefit system.

If a claimant is having financial difficulties or getting into rent arrears, they can ask for the landlord to be paid directly, the landlord can also make this request.

The DWP have developed a "Trusted Partner" portal for landlords, which will allow social landlords direct access into the UC service for sharing information and arranging managed (or direct) payments to landlords where claimants fail to pay their rent.

The government's intention is to encourage greater digital inclusion, financial inclusion and personal responsibility. Once someone has transferred to UC they will be required to:

- claim online (set up a UC account) – there is a helpline
- make an agreement called a “Claimant Commitment” with a work coach
- Pay their own rent
- Report any changes in their circumstances

DWP provides some support with digital skills and budgeting through Jobcentres and local authorities, via what is set to be the Universal Support initiative. This involves DWP providing funding to local authorities, who are then responsible for delivering support with budgeting and digital skills to UC claimants.

Universal Credit Roll Out

Roll out of UC has been done in stages:

The live service: available to all new eligible claimants in every Jobcentre in England and Wales. It is generally limited to ‘simpler’ claims: single adults, without a health condition or disability, who are not in work.

The full service: available to all new UC claimant's eligible for one of the legacy benefits in a limited number of local authorities. This service goes live at Waverley in July 2018.

At present roll out plans for UC are only for new claims, there are no plans to migrate over the existing case load of claimants in receipt of Housing Benefit and no plans at all to include pensioners in UC. It currently only applies to working age claimants.

Guildford Job Centre, which covers Waverley residents registering for UC, has been live with taking new claims for UC for single people from April 2016 and in Waverley we currently have 20 people claiming UC.

Even when Guildford Job Centre goes live in July 2018 with UC for all new claims the number of claims is likely to build slowly. An existing HB claimant will stay on HB unless there is a break in their claim and not until then will they need to claim UC.

Waverley currently has 2,933 working age claimants in receipt of Housing Benefit and this has remained constant in the last few years. People are coming off and onto benefit at roughly the same rate so the overall figure stays constant.

As a guide to the impact of UC, in 2016/17 there were around 500 new claims, so this gives an indication of the number of claimants who would migrate to UC in a year. There is no rollout date as yet for Waverley's current benefit claimants. These are expected to be transferred in the next few years.

Of the 2,933 working age claimants, 1,377 are council tenants. Currently the council tenant's rent is paid directly from the benefit service to their rent accounts. This will change under UC and they will be paying their own rent.

The 1,556 claimants who are not council tenants should not experience any difference transferring to UC, they will be pass ported across to UC without a waiting period, unless they have a break in their claim.

Waverley housing benefit performance for processing new claim target is 20 days. Whilst this is below the national average, performance equates to the new claim performance on UC of 5 to 6 weeks. This period has been cited in the press as a cause for concern; however, UC does have a facility to pay an advance to mitigate.

Waverley has an agreement with DWP to provide support, which is provided through the Housing Support team and the Benefit service. Internet access and support is provided along with home visits.

Potential impact of UC on Waverley

The issues listed below are a worst case scenario. UC has a lot of mitigations to provide support in the transition. The DWP are working with landlords to minimise the impact of UC.

- Potential rent arrears for Waverley tenants who will receive the rent element of UC paid to them rather than direct to Waverley, as it is under the HB scheme.
- Rent arrears for all tenants due to delays in paying UC and paying direct to claimants could increase the number of families presenting as homeless.
- Private landlords may refuse to let properties to families in receipt of UC.

UC has received significant adverse media attention since its inception, including delays in roll out. The DWP defend these delays, explaining that this is the biggest change ever in welfare reform, it is complex and it takes time to get it right. It is not possible to launch such a scheme with all the issues identified and resolved prior to launch. The DWP are using a “test and learn” approach where feedback informs the ongoing development.

The key areas of concern identified in the media that could indicate an underlying structural risk for a small element of claimants are:

- The delay of 5-6 weeks from making a claim causes claimants hardship and rent arrears;
- UC is now expected to be less generous overall than existing “legacy” benefits and tax credits;
- some, particularly vulnerable claimants, struggling to adapt to single, monthly payments in arrears

These concerns are to be looked at in context of the mitigations already in place covered by this report. It is true that there will be an element of claimants that will struggle to adapt to UC. This needs to be contrasted against the overall number of claimants in receipt of UC and those who are not represented in the samples taken by voluntary support groups within the media coverage. These issues must also be looked at in context of their existence within the current legacy benefit system. What has fundamentally changed for this group of claimants between UC and legacy benefits and is there a longer term adaptation challenge?

The media cite problems for claimants in Full Service areas, including:

- homeless claimants unable to get help with the full costs of emergency temporary accommodation.
- issues with registering and processing claims – e.g. online claims being ejected or “disappearing”, awards not including the housing element due to problems verifying rent payments;
- a lack of support from jobcentres for claimants without ready access to a computer or with limited digital skills/capabilities;
- lengthy, repeated and expensive calls to the UC helpline to resolve problems;
- increasing demands on support and advice services from local authorities, housing associations and charities as a result of having to assist UC claimants;
- insufficient funding from the DWP for local authorities and partner organisations providing “Universal Support”, such as budgeting advice;
- third parties facing difficulties resolving claimants’ problems due to the DWP’s insistence that the claimant must give explicit consent for an adviser to act on their behalf.

At present there is not sufficient reliable evidence available from the experience of full roll out of UC to draw firm conclusions on the full long term impact of UC on the residents of the borough and the Council’s resources.

There is evidence that the DWP are using a “test and learn” approach where feedback informs the ongoing development, it is in the DWP long term interests as well as the Council’s that UC is a success. Common to all major change programmes, there is always an adjustment period for people and systems and importantly, learning points.

What Next?

- In order to prepare for the go live of UC for all new claims in July 2018, Waverley officers have attended seminars and gathered useful learning; one of the seminars attended was delivered by Oldham, who was one of the initial pilots for UC.
- The Benefit Manager is meeting with the DWP on 31 October to discuss the go live of UC for all **new** claims in July 2018.
- The Council receives guidance and case studies from the DWP and CAB which is used to inform the support required for residents.
- There are training courses available for UC that will be offered to all staff that it relates to.

Conclusion

There is much adverse media publicity regarding the roll out of Universal Credit. The UC legislation needs close scrutiny to understand the true scale and likelihood of impact on residents and Council resources and identify early those who may be vulnerable and in need of assistance. Currently, the Council has put in place

adequate resources to assist those residents claiming UC and is actively risk assessing the role out of UC implications.

Recommendation

It is recommended that the Overview and Scrutiny Committee ask officers to continue to monitor the roll out of Universal Credit across all services for adverse implication on residents of the borough and the Council's resources.

Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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