

WAVERLEY BOROUGH COUNCIL
OVERVIEW AND SCRUTINY COMMITTEE –
VALUE FOR MONEY AND CUSTOMER SERVICE

22 JANUARY 2018

Title:

UNIVERSAL CREDIT IMPACT MITIGATION UPDATE

[Portfolio Holder: Cllr Ged Hall]

[Wards Affected: All]

Summary and purpose:

To update the committee on mitigations the Council is making in order to deal with the anticipated challenges of the implementation of Universal Credit.

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

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

Equality and Diversity Implications:

This report has been requested by Members to explore the impact on Waverley residents and how any adverse impacts can be mitigated. The equality and diversity implications will be dealt with in the report.

Financial Implications:

Financial implications are addressed in the report.

Legal Implications:

There are no direct legal implications arising out of this report.

1. Background

A report came to the October Value for Money and Customer Service committee detailing the changes to the welfare system in regard to Universal Credit. As a result, members of the committee asked for a brief update on mitigations the Council is making to offset the anticipated challenges.

2. Risks

Most risks relate directly to the change in the way the housing benefit element of the claim is handled. Under the previous system, tenants' housing benefit was paid directly to the Council in their role as landlord on a particular date. Under Universal Credit, the claimant receives the benefit directly.

The potential risks identified in the Universal Credit report that went to committee in October are as follows:

- 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 housing benefit 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.
- Delays in payment could increase risk of claimants getting into debt.

3. Mitigations

Discretionary Housing Payments (DHPs)

DHPs can be used to provide support to customers affected by some of the key welfare reforms, including:

- introduction of benefit cap
- introduction of size criteria in social rented sector; reductions in local housing allowance
- assurance and monitoring arrangements regarding DHP expenditure.

The payments provide customers further financial assistance, in addition to any welfare benefits, when a local authority considers that help with housing costs is required. The rules concerning the criteria and when DHPs can be made are set out in Waverley's Discretionary Housing Payment Policy.

Ways of working

- **Closer working relationships between Finance (particularly Benefits) and the Housing service** in the form of meetings/communication to discuss cases with particular focus on discretionary housing payment (DHP) resulting in better coordination of payments with a view to preventing homelessness and supporting tenants into private renting.
- The **rents team will be implementing more sophisticated systems** which use algorithms to predict and prioritise the work of rent accounts officers. This system is proactive and so flags issues before they arise, allowing rent account officers to focus on collecting rent. The team is currently in the process of considering the options and budget has been allocated for this.
- A recent **staff restructure** has been implemented with the effects of UC in mind. With the recent cuts to sheltered housing funding from the government and a reduction in supported housing funding, the Housing Options team has been restructured to allow flexibility and reactive action when the effects of UC are better understood. Rather than create new posts, the team has allowed flexibility to ensure it is able to fill any gaps once UC is more fully implemented.
- Over £1m has been reserved in the Housing budget to mitigate the financial impacts of Universal Credit.

Tenant Communication

- **Shift in focus of Welfare Officer.** The Welfare Officer is now more focused on financial and digital inclusion of tenants, identifying those most at risk of being excluded under UC (for example those without bank accounts and internet). The aim being to mitigate issues before they arise. The Welfare Officer is also attending

'train the trainer' courses as well as courses on UC so she can train her colleagues on the most relevant aspects of UC.

- **Communication with tenants on UC has begun.** Articles in Waverley Homes and People and letter in rent statements aim to pre-empt issues and alert tenants early.
- **A self service portal is being developed so tenants can find out their rent balance** at anytime without having to call the rents team. The system is still in testing but would allow tenants to manage payments and find out their balance. This would mitigate the risk of UC in two ways: 1) tenants will have more direct control of their rent balances, 2) rent accounts officers will spend less time updating tenants with their rent balance and more time collecting rent.
- The team have already introduced **more dates on which tenants can pay by direct debits**, and will continue to do so. Previously there were specific dates tenants paid their rent by direct debit, aligned to the dates on which benefits were paid. Since, however, under UC claimants will be paid at varying times, the team has created more direct debit dates so rent can be paid as close to the date tenants receive UC as possible.

Financial Inclusion

To be financially included is to be able to access the necessary, day-to-day financial services and products, (such as a bank account in order to pay bills). Financially included citizens are more likely to budget effectively and less likely to miss bill payments and get into debt.

The aim of financial inclusion is to:

1. provide advice and support to residents to be financially included
2. prevent people from becoming financially excluded and falling into poverty
3. provide routes out of poverty and break the cycle of financial exclusion
4. collect funds in a fair and firm manner.

Some years ago the Council adopted a Social Inclusion Strategy which included a Financial Inclusion Approach. Waverley's financial inclusion approach is being revisited to reflect the implications of Universal Credit and the Homelessness Reduction Act.

Recommendation

It is recommended that the committee notes the mitigations in place and continues to monitor the impact of Universal Credit as it is implemented more fully.

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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