

## Report of Assistant Chief Executive (Citizens and Communities)

### Report to Executive Board

**Date: 15<sup>th</sup> July 2015**

**Subject: Universal Credit (UC) Delivery Partnership**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

### Summary of main issues

1. Universal Credit (UC) is one of the main elements of the Governments Welfare Reform Programme and is scheduled to roll out for new single job seeking claimants in Leeds early in 2016.
2. There will be significant changes to the way in which people will claim and manage their UC claim from previous benefits, UC mainly being an online process. Payments of UC will be monthly in arrears which will include any associated housing costs and in the majority of cases be paid direct to the tenant.
3. There will be implications for the Council in terms of changes to Housing Benefit and Council Tax Support and also the support to claimants that will need to be provided.
4. Department for Work and Pensions (DWP) will commission Local Authorities to provide support services to claimants during the UC process and this will be agreed with DWP as part of a local Delivery Partnership.
5. This report provides information on the Delivery Partnership and the implications for Leeds
6. A future detailed report will be submitted to Communities Scrutiny Board which will give details on:
  - Universal Credit and what it means in practice,
  - The implications for residents who will be claiming,

- The implications for Council services
- The work that has been undertaken to prepare for its implementation
- Further preparation work that will be required

**Recommendations:**

1. That the information supplied in this report is noted.
2. Executive Board authorises the Assistant Chief Executive (Citizens and Communities) to enter into discussions with DWP to agree a Delivery Partnership for the provision of online support and personal budgeting support to customers moving onto Universal Credit as part of DWP's limited roll out of the scheme.
3. Executive Board to ask Communities Scrutiny Board to examine Universal Credit in more detail along with the council's preparations for the scheme.
4. Executive Board requests that the impact on the Council arising from the Universal Credit implementation is monitored, with a report being presented to the Board on this in due course

## Purpose of this report

- 1.1 To obtain approval to enter into negotiations with DWP and agree the details of a Delivery Partnership to support the roll out of Universal Credit to Leeds. Universal Credit is due to go live in Leeds between December 2015 and May 2016.

## 2 Key messages

- 2.2 Universal Credit will roll out to Leeds in early 2016 and will initially be limited to single jobseekers. This group is considered by DWP to be the simplest cohort for Universal Credit purposes and enables the Government to continue to test the delivery of Universal Credit while expanding its reach nationally
- 2.3 Universal Credit has significant implications for customers and landlords. These arise from the fact that payment is made monthly in arrears and will usually include the rent payment. Tenants will need to make arrangements to pay their landlord and there is a risk that rent arrears will increase.
- 2.4 DWP is keen to work with councils to help ensure that vulnerable customers are supported in making and managing their Universal Credit. Ultimately, DWP is looking to bring in its 'Universal Support: delivered locally' service but for the initial roll out is working with councils to agree Delivery Partnerships.

## 3 Background information

- 3.1 Universal Credit (UC) is the new Department for Work and Pensions (DWP) benefit which replaces a range of existing benefits for those of working age:
  - Income based Jobseekers Allowance
  - Income based Employment and Support Allowance
  - Income Support
  - Working Tax Credit
  - Child Tax Credit
  - Housing Benefit

The key features of Universal Credit are:

- *All claims are made on-line.* The current Universal Credit system requires customers to complete an online claim in one sitting as there is no option to save a claim and come back to it. This will change when the fully functional *Digital Service* is rolled out – this is expected later in 2016;
- *There is an in-built delay of 5-6 weeks for the first payment of Universal Credit.* All first-time claimants for Universal Credit, including customers migrating from another benefit to Universal Credit, will have to wait 5-6 weeks before receiving their first payment. DWP will provide, on request and where appropriate, short-term benefit advances to help customers during this time but these have to be repaid from future UC payments.
- *Payments are normally made monthly in arrears and to only one person in the household.* This is a change from the current benefit system which will

often see child-related benefits paid to the mother even if other payments go to partner. Under Universal Credit, the whole payment will normally go to just one person in the household.

- *The housing costs element of Universal Credit is normally paid directly to the tenant.* Landlords can apply for 'alternative payment arrangements' (APAs) where there are rent arrears and APAs will be considered where there are issues relating to drug and alcohol issues and other instances.

3.2 The roll out of Universal Credit has been slower than initially planned both in terms of the geographical roll out and the types of people who can claim Universal Credit.

- In April 2013, UC became available in Wigan for new jobseekers allowance claimants who were single, without children, without a mortgage and who already had a bank account;
- By July 2013, this had been extended to a further 4 councils in the North West and again only for new single jobseekers
- In the summer of 2014, UC became available in all council areas in the North West and from October 2014 couples and families in the North West who would have been making new claims for jobseekers allowance were also able to claim Universal Credit
- On 29<sup>th</sup> September 2014, the Government announced the national roll out of Universal Credit starting in early 2015 with UC being available in all parts of the country by May 2016. The national roll out will take place in "tranches" with Leeds being placed in the final tranche 4, due to take place between December 2015 to March 2016. However, the national rollout remains very limited in terms of who can claim Universal Credit and is restricted to people who are:

Single

Aged 18 – 60 and 6 months

Without children and not have a child living with them some or all of the time

Fit for work

Have no mortgage

Not be living in temporary accommodation or supported accommodation

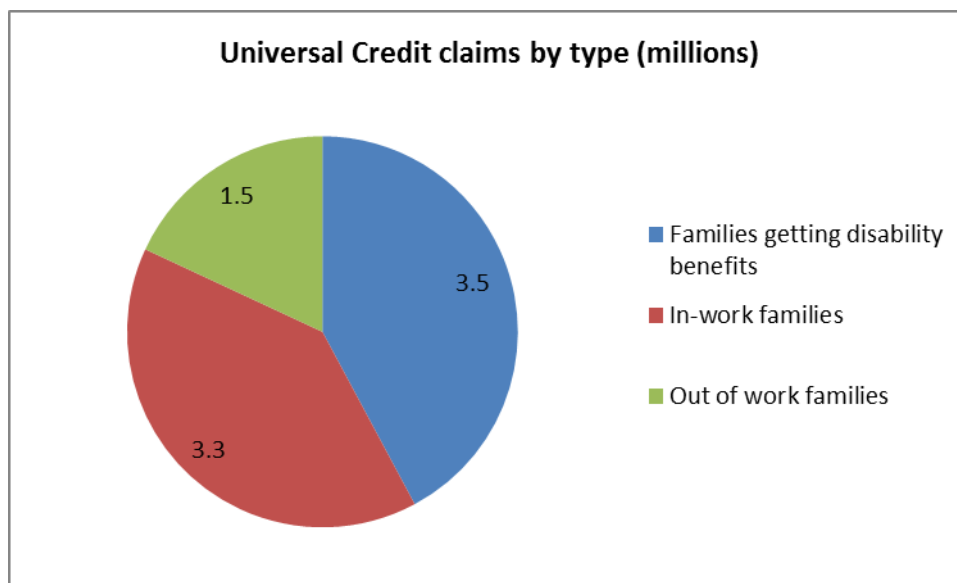
Have a bank account, building society, credit union or Post Office card account

Be making a new claim for what would have been Jobseekers Allowance

3.3 This limited roll out means that the numbers expected to move onto Universal Credit in Leeds in the first year are expected to be between 5,000 and 10,000 with many of these being non-householders with no rent liabilities. Anybody already claiming one of the benefits that UC will be replacing will continue to do so until such time as they have a change in their circumstances which will prompt a new claim, which will then be a new claim for UC. It should also be noted that customers will stay within Universal Credit even if they become part of a couple or have children.

3.4 As at April 2015, around 53,000 people were claiming Universal Credit.

3.5 No plans have yet been announced for extending Universal Credit nationally to couples, families, in-work claimants or claimants getting Employment Support Allowance or for migrating existing Housing Benefit, Tax Credit, JSA or IS cases onto Universal Credit. When fully rolled out, Universal Credit is expected to cover around 8.3m households nationally. Full rollout is now expected by 2020. The chart below breaks this down into working families, families containing a disabled person or carer and out-of-work claimants. This shows that out-of-work claimants are the smallest group and represent less than 20% of the total expected to be claiming Universal Credit.



3.6 Although Universal Credit goes some way to simplifying the current process for claiming benefits, it is not itself a simple benefit and contains a number of complexities. An analysis of the impact of Universal Credit on those households getting Housing Benefit in Leeds was commissioned from Policy in Practice and the outcomes of this analysis are shown in the table below. Some groups will be worse off under Universal Credit, some groups better off; there is different, less favourable treatment for self-employed claimants compared to the current systems, 2<sup>nd</sup> earners gain less under Universal Credit and there are issues about the way the scheme will be administered that impact on amounts paid.

3.7 The average monthly increase for those who are better off under Universal Credit is £103.61. The average monthly decrease for those who would be worse off under Universal Credit is £106.91. There are two aspects to note about these figures:

- Firstly, these figures will have little relevance to the first wave of Universal Credit claimants in Leeds as the first wave is limited to single Jobseekers.
- Secondly, HB customers migrating onto Universal Credit are expected to receive transitional protection so that they are no worse off in cash terms at the point of migration. If all households with a lower UC entitlement receive

transitional protection, Leeds will see an additional £1,634,229 in the local economy each month

Table 1	Worse off under UC	No change in entitlement	Better off under UC
Number of households	13,400	25,046	15,773
Average Amount (per month)	£106.91	N/A	£103.61
Number of children	22,435	17,214	10,805
By Household Type			
Single	13%	60%	56%
Lone parent	64%	28%	15%
Couple without children	5%	4%	6%
Couple with children	18%	9%	22%
By Housing Sector			
Private rent	34%	38%	31%
Social rent	60%	55%	60%
Owner-occupier	6%	7%	9%
By Employment			
In work	46%	1%	48%
Not in work	54%	99%	52%
By Disability			
Disabled	25%	28%	50%
Not disabled	75%	72%	50%

3.8 Appendix A gives examples of 3 families' income situation under the current benefits system and compares this to how much they would get under Universal Credit. In all 3 family examples, it looks at how much they would get when in-work and when out-of-work under both the current and the Universal Credit system.

3.9 It is proposed that Executive Board ask for the issues around Universal Credit entitlement to be examined in more detail by Communities Scrutiny Board.

## 4 Main issues

4.1 As part of the roll out of Universal Credit, the DWP is looking to commission services from local councils to help with the delivery of Universal Credit. These services include:

- Help with online access for residents claiming UC
- Support for residents to make on line UC claims
- Provision of Personal Budgeting Support (PBS) to help people manage their UC payment

4.2 DWP will look to negotiate a Delivery Partnership with the Council to deliver these services. There is limited funding available from the DWP for these services and for some other impacts on Councils arising from Universal Credit. These other impacts are limited to:

- Manual processing of notifications of Universal Credit needed for Council Tax Support purposes. Currently the process is automated but the initial roll out of Universal Credit will not deliver an automated notification process;
- Supporting DWP with more complex housing costs cases;
- Working with private sector landlords around Universal Credit

### **Help and support with online access**

- 4.3 As part of a Delivery Partnership, the council will be expected to provide support to people to enable a claim to be made and maintained online. For the initial roll out of Universal Credit, it is envisaged that the majority of claimants will be newly unemployed people who will already be used to the online claiming regime. DWP advise that 99% of current UC claims are being successfully made online. This can be achieved in Leeds:
- Identifying PC/Public internet sites across Leeds, including Housing Associations and advice agencies;
  - Identifying which of these locations will have staff to provide the necessary “supported access”
  - Publicising these services to residents
  - Ensuring staff are available within the Community Hubs, One Stop Centre’s and Libraries to support access to a UC claim and provide the relevant level of support required
- 4.4 Community Hubs will play a key role in supporting people to get online and, as the initial numbers requiring support are expected to be small, it is anticipated that support requirements for UC claiming can be contained within the Community Hubs existing provision.
- 4.5 **Personal Budgeting Support (PBS)**
- 4.6 As part of the claim process, DWP Work Coaches will offer Personal Budgeting Support to new Universal Credit customers. This support will include managing a basic household budget, managing a bank account, and making payments. Take up of personal budgeting support has been very low in areas where UC has been rolled out. Local Authorities will provide PBS as part of the Delivery Partnership.
- 4.7 The offer of Personal Budgeting Support does not extend to in-depth debt advice.
- 4.8 In the event that the Council enters into a Delivery Partnership with the DWP, the provision of Personal Budgeting Support would be delivered through the Community Hubs network in the main part with customers being referred to the Advice Leeds Consortium for debt-related support.

## **Delivery Partnership**

- 4.9 There is no statutory requirement for local councils to agree a Delivery Partnership with DWP. However, it is recommended that Executive Board authorise officers to negotiate a Delivery Partnership with DWP. This is because:
- Universal Credit will roll-out to Leeds whether or not there is a Delivery Partnership;
  - Residents are likely to approach the council in any event if they are having issues claiming or managing their Universal Credit; and
  - The services to be delivered under the Delivery Partnership fit into the model of support that is developing around the Community Hubs.
- 4.10 DWP will provide some funding to deliver these services. They will calculate the potential numbers of UC claims that can be expected in Leeds as part of the roll out and estimate the numbers requiring online support and/or personal budgeting support. No figures are yet available from DWP for Leeds.

## **On-going preparations**

- 4.11 Work is underway to help prepare stakeholders for this limited roll out of Universal Credit as well as put in place the necessary arrangements to deal with the Housing Benefit caseload implications. It is recommended that the details of these preparations are looked at by Communities Scrutiny Board.
- 4.12 The Government is expected to announce more information about further welfare reforms in the budget statement on 8<sup>th</sup> July 2015. Further information will be provided to elected members on the implications of further reforms and their impact on Universal Credit.

## **5 Corporate Considerations**

### **5.1 Consultation and Engagement**

- 5.1.1 This report provides information on the Delivery Partnership and does not require consultation at this stage.

### **5.1.2 Equality and Diversity / Cohesion and Integration**

- 5.1.1 This report provides details on our requirement to enter into a Delivery Partnership with DWP and there is no requirement for an equality impact statement.
- 5.1.2 The more detailed preparations need to address equality and diversity issues and these issues will be addressed as appropriate

### **5.2 Council policies and Best Council Plan**

- 5.2.1 Entering into a Delivery Partnership will support the Best Council Plan and one of the key priorities of the council in addressing poverty and deprivation. Delivery of



the partnership arrangements will include cross sector working, particularly with the Advice Sector and 3<sup>rd</sup> sector organisations such as Leeds Credit Union and will be aimed at ensuring tenants and residents receive support to manage the changes.

### **5.3 Resources and value for money**

5.3.1 Supporting residents to deal with Universal Credit and dealing with the administrative implications will have cost implications for the council. DWP will provide funding to help with these costs and will require evidence of all customers helped with Universal Credit. However, DWP payments will be limited to the areas covered by the Delivery Partnership and will not extend to other issues such as increased customer contacts, increased rent arrears etc.

5.3.2 Each year the council receives a grant from DWP for the administration of Housing Benefit. The roll out of Universal Credit will see the Housing Benefit caseload start to reduce with implications for the level of grant provided by DWP. No additional reduction to the HB grant because of Universal Credit was made in 15/16 because of the limited nature of the UC roll out in 15/16. However, this may not be the case in 16/17. It is unlikely that any information will be available about this issue until late in the autumn.

### **5.4 Legal Implications, Access to Information and Call In**

5.4.1 The Council is not under any legal obligation to sign the Delivery Partnership. If the Council does not agree then the DWP would have to find an alternative partner to provide the support requirements or undertake the work themselves.

### **5.5 Risk Management**

5.5.1 If the Council does not enter into an agreement with the DWP there is a risk that adequate alternative support provision is not put in place and residents will not be supported through this change. This will ultimately impact on other Council services as people approach the Council for assistance when they begin to struggle with their financial commitments.

5.5.2 There is also a risk that the costs incurred by the council may not be met in full by DWP.

5.5.3 Universal Credit is part of a wider welfare reform programme that is already covered by the Corporate Risk on welfare reform and which is reviewed on a regular basis.

## **6 Conclusions**

6.1 Officers from the Council will continue to work with DWP to understand the numbers involved in the first phase of roll out, what this will mean in terms of support requirements and how we can best meet the needs to customers moving to Universal Credit.

- 6.2 The Delivery Partnership and funding will be agreed with DWP so that the council can start to prepare front line services for go live.

## **7 Recommendations**

- 7.1 That the information supplied in this report is noted.
- 7.2 Executive Board authorises the Assistant Chief Executive (Citizens and Communities) to enter into discussions with DWP to agree a Delivery Partnership for the provision of online support and personal budgeting support to customers moving onto Universal Credit as part of DWP's limited roll out of the scheme.
- 7.3 Executive Board to ask Communities Scrutiny Board to examine Universal Credit in more detail along with the council's preparations for the scheme.
- 7.4 Executive Board requests that the impact on the Council arising from the Universal Credit implementation is monitored, with a report being presented to the Board on this in due course

## **8 Background documents<sup>1</sup>**

- 8.1 The Cumulative Impact of Welfare Reform in Leeds, a report by Policy in Practice and the Welfare Reform Club

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

## Appendix A

The Watsons: Couple (37 and 31) and 2 Children (5 and 2) Private tenants paying £525.00 per month rent and £88.43 council tax

If 1 adult worked 25 hours a week:

In Work Calculation		
Current benefit entitlement	Weekly	Monthly
Earnings	£178.49	£773.46
Child Tax Credits	£112.77	£488.67
Working Tax Credits	£64.61	£279.98
Child Benefit	£34.40	£149.07
Housing Benefit	£80.41	£348.44
Council Tax Support	£5.87	£25.44
<b>Total Income</b>	<b>£476.55</b>	<b>£2,065.05</b>
Rent	£121.15	£525.00
Council Tax	£20.35	£88.18
<b>Income after Housing Costs</b>	<b>£335.05</b>	<b>£1,451.87</b>

Entitlement under Universal Credit:	Weekly	Monthly
Earnings	£178.49	£773.46
UC award	£270.65	£1,172.81
Child Benefit	£34.40	£149.07
Council Tax Support	£2.81	£12.18
<b>Total Income</b>	<b>£486.35</b>	<b>£2,107.52</b>
Rent	£121.15	£525.00
Council Tax	£20.35	£88.18
<b>Income after Housing Costs</b>	<b>£344.85</b>	<b>£1,494.34</b>
Better off post UC by	£9.80	£42.47
	per week	per month

If both adults out of work

Out of Work Calculations		
Current benefit entitlement	Weekly	Monthly
Jobseekers Allowance	£114.85	£497.68
Child Tax Credits	£117.40	£508.75
Child Benefit	£34.40	£149.07
Housing Benefit	£121.15	£524.98
Council Tax Support	£15.26	£66.13
<b>Total Income</b>	<b>£403.06</b>	<b>£1,746.59</b>
Rent	£121.15	£524.98
Council Tax	£20.35	£88.18
<b>Income after Housing Costs</b>	<b>£261.56</b>	<b>£1,133.43</b>

Entitlement under Univ. Cr:	Weekly	Monthly
UC award	£353.69	£1,532.66
Child Benefit	£34.40	£149.07
Council Tax Support	£15.26	£66.13
<b>Total Income</b>	<b>£403.35</b>	<b>£1,747.85</b>
Rent	£121.15	£524.98
Council Tax	£20.35	£88.18
<b>Income after Housing Costs</b>	<b>£261.85</b>	<b>£1,134.68</b>
Better off post UC by	£0.29	£1.26
	per week	per month

The Watson's are better off under Universal Credit by £42.47 pm when working and by £1.26 a month when out of work

Emma and Shayen : Lone Parent (30) and 1 Child (7) Housing association tenant paying £415.52 rent/ £66.17 Ctax and childcare of £216.66 per month

If Emma worked 25 hours a week

In Work Calculation		
Current benefit system	Weekly	Monthly
Earnings	£219.03	£949.13
Child Tax Credits	£64.20	£278.20
Working Tax Credits	£57.59	£249.56
Child Benefit	£20.70	£89.70
Housing Benefit	£31.62	£137.02
Council Tax Support	£0.00	£0.00
<b>Total Income</b>	<b>£393.14</b>	<b>£1,703.61</b>
Rent	£95.89	£415.52
Council Tax	£15.27	£66.17
Child Care	£50.00	£216.66
<b>Income after Housing and Childcare Costs</b>	<b>£231.98</b>	<b>£1,005.26</b>

Entitlement under Universal Credit:	Weekly	Monthly
Earnings	£219.03	£949.13
UC award	£165.25	£716.10
Child Benefit	£20.70	£89.70
Council Tax Support	£0.00	£0.00
<b>Total</b>	<b>£404.98</b>	<b>£1,754.93</b>
Rent	£95.89	£415.52
Council Tax	£15.27	£66.17
Childcare	£50.00	£216.66
<b>Income after Housing Costs</b>	<b>£243.82</b>	<b>£1,056.58</b>
Better off post UC by	£11.84	£51.32
	per week	per month

If Emma was out of work

Out of Work Calculations		
Current benefit system	Weekly	Monthly
Income Support	£73.10	£316.77
Child Tax Credits	£63.94	£277.07
Child Benefit	£20.70	£89.70
Housing Benefit	£95.89	£415.52
Council Tax Support	£11.45	£49.62
<b>Total Income</b>	<b>£265.08</b>	<b>£1,148.68</b>
Rent	£95.89	£415.52
Council Tax	£15.27	£66.17
<b>Income after Housing Costs</b>	<b>£153.92</b>	<b>£666.99</b>

Entitlement under Univ. Cr.	Weekly	Monthly
UC award	£233.17	£1,010.40
Child Benefit	£20.70	£89.70
Council Tax Support	£11.45	£49.62
		£0.00
<b>Total</b>	<b>£265.32</b>	<b>£1,149.72</b>
Rent	£95.89	£415.52
Council Tax	£15.27	£66.17
<b>Income after Housing Costs</b>	<b>£154.16</b>	<b>£668.03</b>
Better off post UC by	£0.24	£1.04
	per week	per month

Emma is better off under the UC system by £51.32 pm when working and by £1.04 pm when not working

Dannielle and Logan: Lone Parent (22) and 1 Child (4); Council tenant paying £332.88 per month rent and £56.68 council tax

If Danielle works 16 hours a week

In Work Calculation		
Income under current benefit system	Weekly	Monthly
Earnings	£136.98	£593.58
Child Tax Credits	£62.44	£270.57
Working Tax Credits	£74.65	£323.48
Child Benefit	£20.70	£89.70
Housing Benefit	£28.38	£122.98
Council Tax Support	£0.00	£0.00
Total Income	£323.15	£1,400.32
Rent	£76.82	£332.88
Council Tax	£13.08	£56.68
<b>Income after Housing Costs</b>	<b>£233.25</b>	<b>£1,010.76</b>

Income under Universal Credit:	Weekly	Monthly
Earnings	£136.98	£593.58
UC award	£149.27	£646.84
Child Benefit	£20.70	£89.70
Council Tax Support	£0.00	£0.00
Total	£306.95	£1,330.12
Rent	£76.82	£332.89
Council Tax	£13.08	£56.68
<b>Income after Housing Costs</b>	<b>£217.05</b>	<b>£940.55</b>
Worse off under UC by	<b>-£16.20</b>	<b>-£70.21</b>
	per week	per month

If Danielle is out of work

Out of Work Calculations		
Income under current benefit system	Weekly	Monthly
Income Support	£73.10	£316.77
Child Tax Credit	£63.94	£277.07
Child Benefit	£20.70	£89.70
Housing Benefit	£76.82	£332.89
Council Tax Support	£13.08	£56.68
Total Income	£247.64	£1,073.11
Rent	£76.82	£332.88
Council Tax	£13.08	£56.68
<b>Income after Housing Costs</b>	<b>£157.74</b>	<b>£683.55</b>

Income under Univ. Credit:	Weekly	Monthly
UC award	£199.07	£862.64
Child Benefit	£20.70	£89.70
Council Tax Support	£13.08	£56.68
		£0.00
Total	£232.85	£1,009.02
Rent	£76.82	£332.88
Council Tax	£13.08	£56.68
<b>Income after Housing Costs</b>	<b>£142.95</b>	<b>£619.46</b>
Worse off under UC by	<b>-£14.79</b>	<b>-£64.09</b>
	per week	per month

Danielle is worse off under UC when working by £70.21 a month and worse off under UC when out of work by £64.09 pm