

Report of: Chief Officer (Welfare and Benefits)

Report to: Outer West Community Committee – Calverley & Farsley; Farnley & Wortley; Pudsey

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To note

Update on Universal Credit

Summary of the main issues

1. This report provides an update on the citywide aspects of Universal Credit, the impact on the people across the city and also information on how the council has prepared for implementation of the new benefit and what support is in place for customers.
2. Universal Credit is one of the main elements of the Government's Welfare Reform Programme and went live in Leeds on 1st February 2016 but only for new single, job seeking claimants without children or a mortgage. These are considered by DWP to be the simplest cases. This national roll out of Universal Credit to single jobseekers was completed in April 2016. The Government will then begin a process of transition and migration to complete the roll out of Universal Credit and this is expected to take until 2021 to complete. There are no more details yet available about how and when the transition and migration process will start in Leeds.
3. There are significant changes to the way in which people claim and manage their Universal Credit claim from previous benefits, Universal Credit mainly being an online process. Payments of Universal Credit are made monthly in arrears which include any associated housing costs. The housing costs element will, in the majority of cases, be paid direct to the tenant.
4. The roll out of Universal Credit has implications for the council. In particular, Housing services, Customer Services and Welfare & Benefits are directly affected by the roll out.

Purpose of report

5. The report provides information on the Government's introduction of Universal Credit and how the Council has prepared for this new benefit.

Background information

6. Universal Credit is the Government's flagship welfare reform which merges 6 benefits into one (Jobseekers Allowance, Income Support, ESA, HB, Working Tax Credit and Child Tax Credit) and is delivered by a single agency. Universal Credit went live in Leeds on 1st February 2016 and is focused only on single jobseekers at this time. 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. It is estimated that around 10,000 Universal Credit claims will be made in Leeds over the first 14 months and that, in line with experience elsewhere, only around 20-25% of these will be from tenants with a rental liability.
7. There are many differences between Universal Credit and the legacy benefits it is replacing. These include:
 - Claims must be made online
 - Payment is normally paid monthly to a single person in a household
 - The rent element is paid directly to the tenant
 - There is normally no entitlement to Universal Credit (including the housing costs element) for the first 7-days following a claim
 - First time claimants must wait for 5-6 weeks before an initial payment is made
8. Assessments for the existing disability benefits of Personal Independence Payment (PIP) and Disability Living Allowance (DLA) will continue to be administered by DWP and are not affected by the introduction of Universal Credit.
9. DWP and the Council have agreed a Delivery Partnership which sees the Council providing help and support to those who need it to make and maintain an online claim. For the initial roll out the majority of claimants will be newly unemployed people who, it is anticipated, are already used to the online claiming regime. This support service will, in the main, be delivered through Community Hubs and One Stop Centres. The Delivery Partnership will also see the Council providing Personal Budgeting Support to people who need help with managing the monthly payment that Universal Credit brings. The emphasis is on helping people to deal with a monthly payment of Universal Credit made directly and ensuring they are able to meet the demands of having Housing Costs in with this payment instead of being paid to the landlord. This support includes managing a basic household budget, managing a bank account, and making payments. Experience elsewhere indicates a very low take up of Personal Budgeting Support.

Main issues

10. The initial limited roll out means that the numbers expected to move onto Universal Credit in Leeds in the first year to be approx. 10,000 with many of these being non-householders with no rent liabilities. Anybody already claiming one of the benefits that Universal Credit will be replacing will continue to receive that benefit until they have a change in their circumstances which prompts a new claim. The new claim will then be a new claim for Universal Credit. It should also be noted that customers already on Universal Credit will stay within Universal Credit even if they become part of a couple or have children.
11. As at 30th April 2016 1,500 people are in receipt of Universal Credit in Leeds with approx. 300 of these with a rental liability.
12. There are clear challenges arising from Universal Credit, and it has significant implications for customers and landlords. Particularly around rent payment and collection.

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 *Full Service* is rolled out; this is expected in Leeds later in 2017.
- *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. This arises because the Assessment Day is one month after the claim date and the Payment Day is a week after the Assessment Day. On the Assessment Day, DWP look at the income and earnings the claimant has had over the previous month as well as the rent liability and other personal circumstances and use this to work out the amount of Universal Credit to be paid. This is then paid one week later. 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 Universal Credit 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 an 'alternative payment arrangement' (APAs) which includes payment of the housing costs direct to the landlord. APAs will be considered where there are rent arrears or issues relating to drug and alcohol issues or where there are other vulnerabilities.

13. The Local Authority does not have any involvement in the administration of Universal Credit and therefore, all queries regarding entitlement, payments and any changes in the claimant's circumstances need to be reported by the claimant directly to the DWP.

14. DWP is keen to work with councils to help ensure that vulnerable customers are supported in making and managing their Universal Credit. This has resulted in local delivery partnerships being agreed ahead of go live to ensure adequate support is provided to help people make a claim for Universal Credit and to be able to manage the requirements of the Universal Credit claim regime.

15. Online Application support

The council is providing support to people to enable a claim to be made and maintained online. This has been achieved by:

- Identifying PC/Public internet sites across Leeds
- Identifying which of these locations will have trained staff to provide the necessary "supported access"
- Publicising these services to residents
- Ensuring staff are available within the OSC's to support access to a Universal Credit claim and provide the relevant level of support required

16. For the initial roll out it is envisaged that the majority of claimants will be newly unemployed people who are already used to the online claiming regime. DWP advise that 99% of current Universal Credit claims are being successfully made online.

17. The DWP emphasis is on enablement and self-service rather than a claim completion service. This is something that will be continued in the council's provision by supporting residents to self-serve rather than doing it for them. In some cases this will mean a less hands on support than claimants may be used to for current Housing Benefit applications. Some applicants will need full support when completing their Universal Credit claim and this is being provided as part of the Local Delivery Partnership, although for initial roll out numbers will be small.

18. Community Hubs are playing a key role in supporting people to get online and this is something that is already evident as part of the Citizens@Leeds agenda. Online claiming support is not considered to be anything new to the Community Hubs current practices and it is anticipated that any support requirements for Universal Credit claiming will be contained within the Community Hubs existing provision.

19. During the first three months of go live 30 people have been given support to make an online Universal Credit claim.

20. Personal Budgeting Support (PBS)

The DWP require the Local Authority to provide PBS as part of the delivery partnership. The emphasis is on helping people to deal with a monthly payment of Universal Credit made directly to themselves monthly in arrears and ensuring they are able to meet the demands of having Housing Costs in with this payment instead of being paid to the

landlord. This support includes managing a basic household budget, managing a bank account, and making payments.

21. Take up of PBS is not conditional for a Universal Credit claim and as the initial roll out will be single newly unemployed people, it is likely that take up of PBS will be low. During the first three months of go live, 8 people have been referred and offered PBS.

22. The DWP advise that any in depth debt advice that the customer needs does not come within the Delivery Partnership requirements and the council will, therefore, refer clients to appropriate services that can deliver this support. This is fundamentally the same mechanism as currently followed by front line staff.

23. Many support service functions are already embedded within the community hubs as part of its Citizens@Leeds agenda across the city and it is intended that PBS will initially be maintained within existing front line services within the Community Hubs.

24. Further work undertaken for go live

Staff, Landlord and stakeholder overviews have been undertaken to ensure front facing services understand the implications of Universal Credit for people and are able to deal with the potential queries and advise and signpost to the appropriate support. Jobcentre Plus has played a key role in assisting in the delivery of these overviews.

25. Housing Leeds will face significant challenges following the introduction of Universal Credit. Full training on Universal Credit for key Housing advisors has been undertaken and a team of officers has been established to support tenants impacted by the Universal Credit regime and other impacts of Welfare reform. Close partnership working is already in place to promote the benefits of the Credit Union, especially around the provision of budgeting accounts which will allow claimants to have their Universal Credit paid into them and make sure their priority bills are paid. Housing Leeds are currently funding three officers from Leeds Credit Union to work with Housing Leeds tenants to promote alternative banking options and budgeting assistance ahead of the roll out of Universal Credit. These officers will also provide this service to private tenants.

26. As part of the council's ongoing commitment to provide support for vulnerable people and people facing crisis, the existing Local Welfare Support scheme will also look to support people faced with a 5-6 week delay for their first payment of Universal Credit. Any customer struggling to manage with the 6 week delay in payment can approach the Local Welfare Support Scheme where assistance can be given for food through our partnership working with Fareshare in Leeds.

27. For the initial roll out of Universal Credit the numbers that might approach us for support from the Local Welfare Support Scheme are expected to be low and manageable within the current funding available. However, when Universal Credit rolls out to couples and families demand is likely to increase and we may need to look at the scheme processes and funding again.

Future roll out

28. There are two further phases of roll out expected. The first phase is the 'transition' phase and this will be followed by the 'migration' phase
- *Transition phase*: the transition phase rolls out the Full Service to all new claims. This means that anyone making a claim for a legacy benefit (i.e. HB, Income Support, ESA, Jobseekers Allowance and Tax Credits) will be treated as making a claim for Universal Credit. This will, therefore, roll out Universal Credit to families and more vulnerable claimants. The transition phase is intended to run from May 16 through to June 18 and is likely to roll out to Leeds towards the end of 2017 or early 2018. This further roll out is expected to create more challenges for the Council and for landlords;
 - *Migration phase*: the final phase of roll out is the migration phase which sees all remaining legacy benefit claimants migrated onto Universal Credit. This phase is expected to run from June 18 through to March 21. There are few details known about this phase at this time but the process will not be a 'drag and drop' process where information and data is passed from legacy systems to Universal Credit. Instead, legacy benefits will be closed down and claimants will need to make a separate claim for Universal Credit.
29. Once we move into the "transition" phase, all new claims will be made on the new DWP digital online claiming system. This means that people will make and manage all aspects of their Universal Credit via this online account and they will be required to notify changes of circumstances and interact with DWP via this online method. The council will have a part to play in ensuring support is given to people to enable them to get online and make their claim but also to ensure they have the support they need to manage the ongoing requirements that the online claiming regime brings.
30. The potential 6 week wait for the first Universal Credit payment is likely to have a significant impact on families and their ability to meet their day to day living costs. It is likely that there will be increased demand on Local Welfare Support provision and Advice Services across the city. There is a risk of increased rent arrears as people will have less money in that first 5-6 weeks.
31. In order to help people with the potential 6 week wait for a Universal Credit payment, the DWP will consider a New Claim Advance. This advance payment will be considered by DWP if a claimant:
- Would suffer financial harm if they (or their family) had to wait the calendar month and 7 days until their first Universal Credit Payment, or
 - There is a delay paying the first Universal Credit payment
32. Once roll out expands to couples, one member of the couple will make the claim online but they will both be required to accept a "claimant commitment" and this must be done on the online claim. A claimant commitment is an agreement of the responsibilities that each of the couple must undertake in order to receive Universal Credit. (This will

include any work searching responsibilities). Only one payment of Universal Credit will be made and the couple will need to nominate who will receive the monthly payment of Universal Credit.

33. As Universal Credit is both an in- and out-of-work benefit replacing Housing Benefit, Working Tax Credit and Child Tax Credit, people in low paid jobs will also need to claim Universal Credit. Unlike Jobseekers Allowance, Universal Credit is not limited to a maximum of 16 hours per week. However as Universal Credit is paid monthly there will be impacts for people who have fluctuating earnings or are on zero hours contracts.

- Customers with fluctuating earnings will see Universal Credit payments vary. Lower earnings one month will generate a higher Universal Credit payment the following month; higher earnings one month will generate a lower Universal Credit payment the following month. Depending on the date wages are paid and the dates of the Assessment Day and Payment Day, some customers could face a situation where a high level of Universal Credit coincides with a higher earnings month and a low level of Universal Credit coincides with a lower level of earnings.
- Weekly paid customers will find that Universal Credit in some months is worked out on 4 weeks wages and in other months on 5 weeks wages.

34. An analysis of the impact of Universal Credit on the people who are already getting Housing Benefit in Leeds has been commissioned from Policy in Practice. Some groups of people will be better off under Universal Credit and some will be worse off. The main groups of people likely to be worse off are lone parents under 25 and families with disabled children.

35. It is expected that anybody worse off at the point that they move onto Universal Credit will receive transitional protection which should mean they will be no worse off in cash terms. However, only those migrating to Universal Credit will be considered for Transitional Protection; claimants moving to Universal Credit as a result of a change in circumstances or a new claim will not be considered for transitional protection.

36. This further roll out has been the subject of a Scrutiny Board review and from this a series of recommendations have been made which will help to ensure that appropriate preparations are made. A copy of this enquiry report is available in the members library.

Corporate considerations

37.

a. Consultation and engagement

- i. The report provides information on the impacts of Universal Credit and is not a report which requires public consultation.

b. Equality and diversity / cohesion and integration

- i. The Government's Universal Credit has implications for equality and diversity and it has been subject to equality impact assessments by the DWP.

c. Council policies and city priorities

- i. The on-going development of responses to Universal Credit preparations for go live and future roll out plans is aimed at supporting City Priorities around health and wellbeing and poverty. Cross-sector working, particularly with the advice sector and 3rd sector organisations such as the Credit Union, is aimed at ensuring tenants and residents receive support to manage the changes.
- ii. Addressing poverty and deprivation is a key priority for the Council. The activities set out in this report support the council's policies and priorities, all of which have a strong focus on addressing debt, maximising income and moving people and families out of poverty

d. Resources and value for money

- i. The report is for information only and does not have any resource implications directly.

e. Legal implications, access to information and call in

- i. There are no legal implications relating to this report.

f. Risk management

- i. The introduction of Universal Credit has increased the risk of rent arrears and Council Tax arrears. By ensuring all staff are fully equipped with the relevant knowledge of Universal Credit and the support tools available to them, it is anticipated that the risks can be mitigated.
- ii. Universal Credit is part of a wider welfare reform programme that is already covered by the Corporate Risk on welfare reform, which is reviewed on a regular basis and which looks at risks around rent arrears and other housing issues.

Conclusion

38. Universal Credit is the biggest change to the welfare system for many years. A comprehensive programme of work has been undertaken to ensure its implications for the council and its residents were fully understood in order to ensure that implementation went smoothly and all stakeholders were fully informed.

39. There are still areas where Universal Credit policy is being determined and areas where decisions have yet to be made by DWP. These include Free School Meals, the transition and migration plan and the roll of social sector landlords.

Recommendations

The Committee is asked to:

40. Note the information provided about Universal Credit, the impact for people and the work that is being undertaken across the city to support people to make and manage a Universal Credit claim.

Background information

- None.