



**Report of Chief Officer Customer Access and Welfare**

**Report to Scrutiny Board Environments, Housing & Communities**

**Date: 9<sup>th</sup> January**

**Subject: Financial Inclusion activity and Universal Credit update**

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Has consultation been carried out?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Will the decision be open for call-in?	<input type="checkbox"/> Yes <input checked="" 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**

**1. Main issues**

- Executive Board received a report on 18<sup>th</sup> September which outlined the work being carried out by the Council and partners to address financial inclusion and tackle poverty. The scale of the challenge remains significant, with an estimated 172,000 people in Leeds in relative poverty, furthermore local research highlights that in 2018 households were less resilient and worse prepared for an external financial shock or crisis than in 2004. A wide range of projects are currently being undertaken in Leeds, and despite reductions in budgets more people are being assisted by advice, welfare and credit union services. Work to address financial inclusion is evidence led, undertaken in partnership and actively involves listening to the experiences of those directly impacted, so that innovative and sustainable solutions are developed.
- In terms of Universal Credit (UC) Leeds City Council and partners have been preparing for some years for the implementation of this new benefit. Leeds moved to the full service digital platform on 10<sup>th</sup> October 2018, and Scrutiny Board (Environments, Housing & Communities) received a report on 13<sup>th</sup> March 2019 on the impact of the implementation of this move in Leeds at that time, this report provides an update a year on from the introduction of full service.
- Full service means that all new claims to benefits that UC is replacing, known as legacy benefits (Job Seekers Allowance, Employment Support Allowance, Income Support, Child Tax Credit, Working Tax Credit, Housing Benefit), are now claimed as UC instead. There are currently 27,945 people claiming UC in Leeds. It is still

too early to determine any large scale impact of UC, however this report provides updates from frontline council and partner services, and helps to identify emerging issues and areas of impact. These include;

- A number of organisations are reporting they are seeing cases where people have been wrongly advised to claim Universal Credit rather than remain on legacy benefits. This particularly applies to people with disabilities, who in some cases would be better off staying on legacy benefits such as Employment Support Allowance. Once a UC application has been made, it is difficult to get this decision reversed.
- Significant numbers of people are requiring assisted digital support in order to make a UC claim and there is concern that many people will continue to struggle to develop their digital skills in order to manage the ongoing UC regime. In addition, more generally the amount of time taken to give people support is substantial, with face to face appointments often taking up to two and a half hours in order to undertake a 'better-off' calculation, verify documentation and complete the claim.
- Evidence from partner organisations continues to suggest that the 5 week wait for first payment often puts people into debt leaving them without food, fuel and mounting rent arrears. The Advanced Payment Process was brought in to try and address the wait period, however there have been reports that there has been some abuse of this process, with fraudulent claims made on behalf of vulnerable people, who didn't realise they were applying for UC. As a result DWP have recently put in place new measures to prevent fraudulent claims.
- Advice and support services continue to report that people who are vulnerable or have complex needs are finding it difficult to get the right support in order to deal with their claim. This is often due to the complexity of the cases, difficulties with providing the necessary forms of identification, and with maintaining claimant commitments.
- The long established partnership approach in the city means that the issues outlined above and throughout the report are regularly raised at both local and national level meetings which include the active involvement of the Council, third sector and the DWP. This ensures that there is an understanding from all parties of the issues being faced and they can be reported to the relevant regional and national bodies.

## **2. Best Council Plan Implications** (click [here](#) for the latest version of the Best Council Plan)

- The work set out in this report to address financial inclusion, supporting people with UC full service contributes to the Best Council Plan focus on tackling poverty and reducing inequalities, and achieving the Council's ambition for a strong economy and compassionate city.
- The activities set out in this report support the Best City Priorities of Safe, Strong Communities, Inclusive Growth, Health & Wellbeing, Child Friendly City, Age-Friendly Leeds and Housing. All of which have a strong focus on addressing unmanageable debt, maximising incomes and moving people and families out of poverty.

### **3. Resource Implications**

- All projects and services are being undertaken within current budgets and there are no additional resource implications arising from this report

### **Recommendations**

- a) That the information supplied in this report is noted.
- b) That Scrutiny Board, make any recommendations for future monitoring the impact of the work being undertaken to address financial inclusion and the impact of Universal Credit.

### **1. Purpose of this report**

- 1.1 Members of Executive Board received a report on 18<sup>th</sup> September outlining the current work on financial inclusion to reduce poverty and mitigate against the impacts on people's lives. The report is attached as an appendix.
- 1.2 In addition Scrutiny Board (Environments, Housing & Communities) received a report on 13<sup>th</sup> March 2019 on the introduction of full service UC in Leeds. One year on from the Full Service roll out in Leeds, this report provides an updated position.

### **2. Background information**

#### **2.1 Financial Inclusion**

- 2.2 Leeds City Council and partners have been working to address financial inclusion in Leeds since 2003. The approach adopted has been based on building knowledge and research, and a strong collaborative partnership to develop innovative and sustainable actions for the residents of Leeds.
- 2.3 In March 2019 the "End High Cost Credit Alliance" which was founded by actor and activist Michael Sheen named Leeds the first "Fair Credit for All City". This latest recognition further endorses Leeds City Council's national reputation for its successful approach to tackling financial exclusion and poverty.
- 2.4 The Executive Board report from September 2019 detailed the work currently being undertaken, this includes;
  - Developing an integrated advice provision to improve access by increasing opening hours and expanding telephone and web based advice to help with increasing demand.
  - Establishing a Corporate Debt Policy to provide a framework for a consistent and sensitive approach to collecting monies owed to the Council.
  - Working with the Food Aid Network and FareShare Yorkshire to develop a joined up approach to emergency food provision in the city.
  - Increasing awareness of financial exclusion and poverty through training to frontline workers across Council and partner organisations.
  - Developing the Holiday Hunger initiative to provide activities and meals to children in holiday periods.
  - Raising awareness and increasing support for Gambling Related Harm.

- Supporting Leeds Credit Union to increase membership and develop a range of services and products for members.
- Working with the national Illegal Money Lending team to promote awareness and prevent residents from using illegal lenders, and seek help if required.
- Co-ordinating financial support services through the Money Information Centre website and the Help with Managing your Money booklet to bring together all money and financial support services available to residents of Leeds.
- Developing a coordinated approach to welfare reforms and the roll out of UC.
- Undertaking research and bringing together intelligence on subjects related to financial inclusion, poverty and inequality.

## **2.5 Universal Credit**

2.6 From 10<sup>th</sup> October 2018 Leeds moved into full digital service, meaning that all new claims to any benefits that UC is replacing are now a claim for UC instead. Anybody receiving legacy benefits (who don't have a change in their circumstances which triggers a new claim to benefit) will remain on these benefits until the DWP advise them it's time to claim UC. This is known as a transition phase, further details are provided in section 3.5 below.

2.7 The main differences between UC full service and the benefits it is replacing are;

- Claims must be made and maintained online via a customer journal.
- Payment is normally paid monthly to a single person in a household.
- The rent element is paid directly to the tenant.
- First time claimants must wait 5 weeks before an initial payment is made.

These differences have had an impact on how people manage their finances and their ability to ensure any rental liability is kept up to date.

2.8 The report considered by Scrutiny Board on 13<sup>th</sup> March gave a detailed update on the implementation of full digital service for UC in Leeds at that time. This included details on the decision from government to grant funding for Citizens Advice to deliver Universal Support from 1<sup>st</sup> April 2018. Previously, Universal Support was delivered by local authorities. Further details are provided in section 3.34.

## **3. Main issues**

3.1 The focus of this report is to provide an update on the delivery of UC full service a year on from its introduction.

3.2 According to the DWP as of 31<sup>st</sup> October 2019 there were 27,945 customers claiming Universal Credit in Leeds, as part of the 103,000 claimants for West Yorkshire, with 18,467 in the available and searching for work categories.

3.3 Attached in appendix 1 is a ward breakdown of the latest DWP statistics available for UC claims for those customers in and out of employment.

## **3.4 Government announced changes since March 2019**

3.5 **Transition from legacy benefits:** In July 2019, DWP announced the 'Move to UC' pilot which aims to support those claimants who remain in receipt of DWP's legacy benefits. Claimants who have a substantial change of circumstances will continue to

move to and claim UC. The pilot launched in Harrogate Jobcentre, with a dedicated team established to support claimants. The team consists of legacy and UC work coaches, a legacy benefit processor and UC case manager and representatives from HM Revenue and Customs and Harrogate Borough Council. Decision makers from legacy and UC will also provide support when needed.

- 3.6 DWP select claimants for the pilot from those that currently attend the Jobcentre for meetings with their work coach. The work coaches build on these existing relationships to prepare claimants to move to UC and support them through the journey. Through these relationships, DWP aim to establish whether someone is ready to move and, if not, how to get them ready. This personal, tailored face to face support is aimed to ensure the first cohort moves successfully to UC.
- 3.7 Transitional Protection is available to protect claimants so they will not be worse off financially claiming UC compared to their legacy entitlement. This will be paid as part of the claimants UC entitlement and will erode over time. The regulations also introduce a Discretionary Hardship Payment to support those claimants who are moved to UC as part of the pilot phase, advances will also be available to claimants.
- 3.8 During the pilot claimants receive personalised support from their legacy and UC Work Coach to make the transition to UC is as smooth as possible.
- 3.9 DWP will roll this out to other sites once they are confident that the pilot in Harrogate is the right one for claimants and the business. Further communications will be issued when DWP are ready to increase pilot volumes.
- 3.10 **Severe Disability Premium (SDP):** In January 2019 a 'UC Gateway' was announced for anyone claiming SDP as part of their legacy benefits. The Gateway would prevent SDP claimants from being able to claim UC and allowed them to remain on legacy benefits. From January 2021, in compliance with a High Court judgment, DWP will abolish the UC Gateway restrictions for claimants in receipt of SDP in order to remove the differential treatment this has created. This means that claimants will no longer be able to make a new claim for legacy benefits (including Housing Benefit) and will be signposted to make a claim to UC.
- 3.11 Until January 2021, the UC Gateway continues to operate and SDP recipients will remain on and make new claims to legacy. Once the UC Gateway is removed, claimants who are receiving SDP and move to UC will be eligible to be considered for transitional payments in the same way as those already on UC.
- 3.12 Transitional payments started in September 2019. Processes are in place to identify claimants who are potentially eligible for a transitional payment. The circumstances of those identified are assessed for eligibility before any payment is made.
- 3.13 However, 'Housing Benefit (HB) only' claimants will be excluded from SDP transitional payments as analysis has shown that HB only claimants do not normally experience losses when moving to UC. This is because the HB only claim is a premium added to the applicable amount (living needs) so the higher the living need the greater the entitlement to HB.
- 3.14 HB only claimants who may lose out on moving to UC (usually due to their income or earnings), will be able to be considered for a Discretionary Housing Payment (DHP) if they require support with their rental costs. To support this, there are planned changes to the DHP Guidance (England and Wales), to include these claimants in the list of recommended priority groups.
- 3.15 **Deductions:** The maximum that can be deducted from a claimant's UC award was originally set at a level much higher than if the claimant had been on legacy

benefits. This caused hardship and left many people with very little to live on. On 16<sup>th</sup> October 2019, DWP updated their guidance to confirm that the overall maximum deduction rate for all deductions would be reduced from an amount equal to 40% of the claimant's standard allowance down to 30%, this is still to be formally enacted.

- 3.16 **Sanctions:** DWP announced new statutory regulations to reduce the maximum duration of the higher level sanction period from 156 weeks to 26 weeks. In force from 27 November 2019, the Jobseeker's Allowance and Universal Credit (Higher-Level Sanctions) will reduce the maximum duration of a higher-level sanction in UC and Jobseeker's Allowance.
- 3.17 In addition, the regulations contain transitional provisions to enable ongoing higher-level sanctions to be terminated once a claimant's award has been reduced for at least 182 days or 26 weeks from the date that the reduction took effect. If the person's award has already been reduced for longer than 182 days or 26 weeks, the sanction will be terminated immediately.
- 3.18 **Social Housing Rents;** as previously reported the government confirmed in February 2019 that social housing rents will rise by the consumer price index measure plus 1% for five years from 2020. This will apply to councils and housing associations equally.
- 3.19 **Working age benefit allowances** have been frozen since April 2016 for a four year period. On 3<sup>rd</sup> November the Government announced that the benefit freeze would come to an end, and that from April 2020 UC would increase by 1.7%, in line with inflation.
- 3.20 DWP update for Leeds**
- 3.21 The following update from the DWP provides information regarding the work undertaken within the Job Centre and the Service Centres to support people with UC and also provides details of partnership and collaborative working practices across Leeds in order to mitigate any UC impacts.
- 3.22 **Processing claims:** Whilst the number of claimants continues to increase, the partnership work DWP has developed across the city has enabled customers to make their claim quickly, either directly or online. Support is available through the Job Centres, via Citizens Advice Help to Claim service, which has operated across the city since the contract began in April 2019. Support is also available via the telephone, and the DWP visiting teams.
- 3.23 Once the claim has been made, the DWP have worked on internal systems and with partners to ensure that the customers provide sufficient information to get the claim processed and paid on time.
- 3.24 Working with colleagues in the Service Centre in Stockport, the DWP has adopted a model where all customers living in Leeds, have their claim paid and managed by dedicated teams for the city rather than work being dispersed across the Service Centre. Feedback from partners, customers and staff indicates that this has improved communication, understanding and resolution of outstanding enquiries.
- 3.25 The DWP are also working to constantly update and circulate the escalation process, so that everyone knows the procedures to follow to resolve outstanding claim issues.
- 3.26 Against this backdrop 80% to 90% of customers are being paid in full each month. Of those who haven't been paid in full the main issues are either unresolved issues

in terms of personal identification, the customers failure to respond to requests on their journal or outstanding housing enquiries.

- 3.27 **Support on Housing issues:** The secondment of two staff from Leeds City Council's Housing Options to DWP to support those either currently homeless or under threat has worked extremely well and approval has been obtained to extend this secondment for a further year. They will continue to work alongside the DWP Social Justice team to support and advise appropriate customers to obtain suitable accommodation and enhance their future employment prospects.
- 3.28 The DWP also seconded two members of the Leeds City Council's Housing Service team from January until July 2019. This was in order to support work coaches to obtain relevant information from customers in respect of their housing element of their payment and to widen their knowledge and understanding of DWP guidance and approach.
- 3.29 The feedback from this secondment has been excellent. Greater understanding and communication has meant the resolution of many social housing issues, resulting in the customer being paid quicker, improved customer service and the reduction to potential arrears owed to the local authority.
- 3.30 Although it has not been possible to extend this secondment, due to unforeseen budgeting constraints, the DWP are in the process of agreeing co-location arrangements to start early in 2020, which will enable the services to build on the excellent work achieved. This will hopefully see several members of the enhanced Income Team working alongside DWP staff across the city to help increase awareness and understanding whilst supporting and guiding staff and customers to understand all requirements in relation to housing payments.
- 3.31 Work also remains on-going to improve the application of direct payments to private landlords and to align direct payments made to both private and social landlords with UC payments, with this work expected to be completed by the end of the year.
- 3.32 **Advanced Payment Process:** The biggest issue in relation to UC from a DWP perspective has been in relation to the Advanced Payment Process, which has resulted in some abuse of the system and fraudulent claims. The DWP has been working to address the problems and with effect from 16<sup>th</sup> September 2019 no one is able to claim an advance unless their personal details have been verified in person at the Jobcentre. It is hoped that this extra check will stop the individuals and organisations wrongly and fraudulently offering to obtain "loans" on behalf of vulnerable customers, and thereby pushing them into debt.
- 3.33 DWP would also like to emphasis the joint work undertaken by all partners across the city to support the largest change in the welfare agenda for some years, is a testament to the engagement that so much has been achieved. This is recognised and appreciated at a district and national level within the DWP.
- 3.34 Universal Support: Help to Claim**
- 3.35 Help to Claim is a nationwide service launched by Citizens Advice in April 2019 and funded by a grant from central government. This scheme replaces the previous Universal Support service provided by local authorities which has now ceased. In Leeds this has meant that those seeking to claim Universal Credit are no longer directed to the Council's Community Hubs for assistance and are instead directed to the 'Help to Claim' services of local Citizens Advice. UC claimants are still welcomed into the Community Hubs to access the self-service computers, however any in-depth enquiries are referred to the Citizens Advice services. Between 1<sup>st</sup> April and 31<sup>st</sup> October 2019 Community Hubs handled 5,000 enquiries relating to

Universal Credit, over half of which were signposted to Citizens Advice and DWP support, this signposting is expected to continue to increase.

- 3.36 The Help to Claim support provided by Citizens Advice is to help people begin to claim for UC and ends when that person has received their first correct payment. Once claimants are in receipt of UC, they can continue to receive advice from local Citizens Advice offices through their other services.
- 3.37 The service is available face-to-face, over the phone (via a national telephone number) and online through web chat and online advice content. People can also be signposted or referred by the DWP, other support agencies or self-refer.
- 3.38 Firstly advisers check that UC is the right benefit for that person to claim and then will assess their individual needs to make sure they can get access to the right level of support in a way that's appropriate for them. Support is then given to start a UC claim, this can include setting up an email address or UC account, or help to access DWP home visit support.
- 3.39 Help is also given to complete a claim and get ready for first payment, this again might include verifying identity, providing additional evidence, and helping prepare for the practicalities of first payment, accessing adaptations such as direct payments to landlords and conditionality easements. The service will also help with applying for advance payments and accessing additional financial support.
- 3.40 **Help to Claim service in Leeds:** The Help to Claim service is provided by Chapeltown Citizens Advice (CCA) and Citizens Advice Leeds (CAL). CAL delivers Help to Claim from the city centre offices, CCA provides Help to Claim from the Job Centres at Eastgate, Park Place and Southern House.
- 3.41 Help to Claim appointments are provided within 2 working days, if not sooner, to ensure claims are submitted at the earliest opportunity in order to avoid payment delays for claimants. Both CCA and CAL have public access computers available and digital support for clients is carried out alongside their benefits advice. Interpreting services are available for all aspects of the service including BSL interpreting.
- 3.42 From April – September 2019 CCA and CAL have assisted clients with 17,193 Universal Credit enquiries, amounting to 26% of all enquiries.
- Advised 3,695 unique clients in relation to Universal Credit (UC).
  - 44% of those clients identify as being disabled or having a long term health condition.
  - 41% of UC clients rent their home from the Local Authority or a Housing Association and 30% rent their home from a private landlord.
  - 38% of those advised were from BAME communities.
  - 54% of clients were female and 46% male.
  - 64% of UC clients have been advised face to face, 31% via the telephone and 5% via webchat/online.
- 3.43 Attached at appendix 2 is data which shows the type of issues dealt with by CCA and CAL since April 2019. The largest proportion (66%) of enquiries relates to the initial claim. Also attached is a breakdown of Citizens Advice UC clients by ward.
- 3.44 78% of enquires have been dealt with by the Help to Claim funded project and 22% from other projects

3.45 **Issues identified:** The process of claiming UC can be highly complex. Some of the issues that have arisen include;

- People having been previously wrongly advised to claim Universal Credit rather than remain on legacy benefits. This particularly applies to people with disabilities as some clients can be worse off financially if they claim UC rather than legacy benefits such as Employment Support Allowance.
- Face to face appointments can often take up to two and a half hours in order to undertake a 'better-off' calculation, verify documentation and complete the claim.
- Significant numbers of people require help with the digital aspect of the claim and that includes setting up and maintaining their email account.
- People having difficulty opening a bank account because they do not have the requisite identity documents and CCA have published a fact sheet to help people overcome this problem.
- The 5 week wait for first payment often puts people into debt leaving them without food, fuel and mounting rent arrears. In these situations clients may be referred to food banks, to other Citizens Advice services such as debt advice or other appropriate services.
- A common advice issue arising is with clients who fail the Habitual Residence Test, which results in a client needing a Mandatory Reconsideration. These cases are challenging due to the multiple needs of the clients, including limited or no alternative sources of income, language issues, lack of digital skills.

3.46 **Partnership work:** In delivering this service CCA and CAL have worked in partnership with the DWP, local authority staff and Third Sector Leeds. This has taken the form of speaking to all work coaches and staff at Jobcentre Plus offices, offering to give similar talks Council staff, providing literature and publicity materials for frontline workers across sectors. Some of this has been done in partnership with Voluntary Action Leeds as part of its anti-poverty agenda.

3.47 Partnership work is well developed in Leeds and we continue to hold regular meetings with partners that includes LCC, DWP and Citizens Advice and these meetings are used to raise any pertinent issues at an operational level.

### 3.48 Housing Leeds update

3.49 At the end of October 2019, 8,309 Housing Leeds tenants had moved into UC full service. This compares to around 1,450 tenants who moved to the UC live service during 2016 and 2017.

3.50 The numbers of tenants moving to UC has been high over the period, but as can be seen in the table below the rate has slowed in the last 2 quarters.

Quarter	Number of tenants moving to UC
October - December 2018	2063
January - March 2019	2161
April – June 2019	1771
July – September 2019	1718

- 3.51 **Support to tenants:** Housing Leeds follows a preventative approach – supporting tenants during the early stages of the claim to ensure that the claim is correctly made, tenants are maximising their income, and that prompt rent payments are made. To do this effectively three different service offers are used for different customer groups. The **Advice and Guidance service** offer is provided to those tenants comfortable with claiming, a **Standard Service** covers support with claiming UC and paying rent, and an **Enhanced Service** is a wraparound service offered to those tenants who are vulnerable and require additional support with their claim and budgeting. At the end of October 2019, 1,916 of tenants moving to UC received Advice and Guidance, 5,861 Standard Service and 493 received the Enhanced Service.
- 3.52 Housing Leeds have developed their service to tenants by providing Enhanced Income Officers with public access iPads which allows them to provide better support to tenants with their claims. For example the tenant can log into their UC journal during a meeting with their Enhanced Income Officer to clarify the information on the journal or to give permission to 'phone the DWP on their behalf. The 4G data function allows Housing Leeds to provide this service in an office, the tenant's home or any other suitable location.
- 3.53 **Alternative Payment Arrangement (APA):** The Housing Cost element of UC is paid directly to the UC claimant. However Social Landlords can apply for direct payment through an APA, where the tenant has more than 8 weeks rent arrears or where circumstances, as defined by DWP, make this appropriate to support the tenant. The APA includes the Housing Cost element, plus an amount to pay off arrears where applicable. By the end of October 2019, the service had applied for APAs for 2339 of tenants, amounting to 28% of all UC claims.
- 3.54 **Rent arrears:** The key measure when looking at the impact of UC on rent arrears is the increase in arrears since the start of claim. The service records any rent arrears at the start of the claim and compares to the balance at the end of each period. By the end of October 2019 the total arrears for the 8309 tenants claiming UC had increased by £260k from October 2018. This amounts to an average increase in arrears per tenant of £31. We usually find that whilst arrears increase in the short term they reduce over time as the UC payment becomes established and the tenant sets up regular rent payments or APA payments are made.
- 3.55 **Partnership working:** Housing Leeds have worked closely with the DWP, having Trusted Partner status, which gives the service access to the DWP Landlord Portal. The portal allows the verification of rent details and apply for APAs online, offering a more efficient process for verifying claims. The DWP is continuing to develop the portal to make it more effective for landlords. When verifying a claim Housing Leeds now get advised if it is new claim or not and a process to deal with rent increases is in development.
- 3.56 As referred to in the DWP section above Housing Leeds are working to co-locate Enhanced Income Officers to work in DWP offices around the city. This would give Housing Leeds a presence in all of the DWP offices in Leeds, resolving complex claims cases and develop improved approaches for hard to reach groups and tenants with court orders.
- 3.57 In addition to work with DWP, Housing Leeds work closely with the Leeds Credit Union (LCU) and fund the Money Management and Budgeting Service (MABS). The MABS service is delivered locally across the East, West and South wedges of the city and is available to all council tenants. The focus on opening LCU accounts and

budgeting support makes the service particularly valuable in supporting tenants moving onto UC.

3.58 Housing Leeds maintain links with a wide range of organisations which allows tenants to be referred for specialist support. Support can be accessed depending on the individual requirements of the particular tenant, including, but not limited to, debt advice, support with mental health, drug and alcohol dependency and fuel poverty and food aid.

### 3.59 Housing Benefit update

3.60 **Natural migration:** When a customer in receipt of a DWP legacy benefit claims UC the DWP notify the local authority to stop the corresponding Housing Benefit (HB) claim. A target of 10 working days to action this notification is set. Once a customer claims UC they are unable to return legacy benefits, including HB.

3.61 Since 10<sup>th</sup> October 2018 the Council has received 24,484 HB stop notifications from the DWP, which is equivalent to 650 per day. However, this does not correlate to the number of HB claims cancelled, as a high number are duplicates and for couples the DWP issues two notifications. The DWP responded to the local authorities concerns around the high volume of notifications, and from September 2019 removed duplicates and other erroneous notifications. The immediate impact was a 50% reduction in the number of notifications received, this continues to be monitored.

3.62 As of October 2019, HB claims in Leeds had reduced by 12,055 HB, 6,049 of these were Council tenant claims and 6,006 private and housing association claims. The main reason for this reduction is because of natural migration, however for a minority of cases other reasons such as change in earnings will apply.

3.63 Issues for both customers and Council service delivery which have arisen so far from natural migration are as follows;

- Residents on legacy benefits potentially lose out on a 2 week transition to UC payment, which they will receive as part of the managed migration approach expected to start at the end of 2020.
- There have been cases where the Council has not been notified of a customer's migration onto UC. The impact of this has been that both UC and HB payments have been received in the same period resulting in an overpayment of HB which then needs to be recovered through UC.
- Council staff have seen an increase in administration processes undertaken. For every HB claim cancelled the local authority needs to complete a form known as an MGPI and return this to DWP. In addition the introduction of systems to automate HB stop notifications, instead of through manual intervention, have so far been unsuccessful and have for the short term been suspended until more workable systems have been fully tested.

3.64 **Council Tax Support (CTS);** In order to maximise CTS take up, UC first payment notifications are used to claim for CTS. This is in line with approach taken across other local authorities.

3.65 In the case where a housing benefit stop notification is received assessments for CTS are made on nil income and are then monitored for receipt of the first UC payment. This is in order to support customers as they wait the minimum 5 weeks for their UC claim to be determined. Council Tax Support is only assessed on 75% liability so the customer has minimum 25% of the charge to pay from their own income.

3.66 The table below shows the number of CTS claims taken up since the introduction of full service UC. There has been a 70% (8,966) increase in claims between October 2018 and December 2019. The majority of which are from working age households, which is to be expected as UC is only applicable to this age group.

Oct 18	April 19	Dec 19	CTS only caseload
4,268	8,608	13,128	Working Age
8,424	8,487	8,530	Pension Age
<b>12,692</b>	<b>17,095</b>	<b>21,658</b>	<b>TOTAL</b>
	4,403	8,966	Change since Oct 18

3.67 The CTS/UC scheme can disadvantage single people including lone parents who are working and claiming UC. CTS is assessed on a single person applicable amount and there are no additional allowances or premiums for children. In some cases depending on level of earnings there may be no entitlement to CTS.

3.68 For customers who move to UC and lose 100% protection (as Council Tax is only assessed on 75% liability) there is a hardship scheme and this is publicised with front-line services and on LCC website.

3.69 **Free school meals:** As a result of changes made by DfES, UC introduction and the proactive work carried out by LCC, the number of pupils eligible in Leeds for free school meals has increased by 5,750 since January 2018. Currently there are 24,300 children with a free school meal award. 90% of those eligible in Leeds take up the award compared to 88% regionally and 87% nationally.

3.70 **Discretionary Housing Payments (DHP):** The number of DHP claims from UC customers since October 2018 has been 1,943 with 1,026 successful awards. A DHP may only be awarded when a LA considers that the customer requires further financial assistance towards housing costs and the UC includes a housing cost element towards rental liability. The main reasons for claims are;

- Due to the removal or spare room subsidy (bedroom tax).
- Local Housing Allowance restrictions for single people in UC.
- People with rent arrears facing eviction, or requiring to pay rent or bonds in advance.
- The impact of the benefit cap.

### 3.71 Local Welfare Support Scheme

3.72 The Local Welfare Support Scheme has now been in operation since 1st April 2013. The scheme continues to help families and single vulnerable people under exceptional pressure to get help with food, fuel, travel and removal costs and basic household goods. The scheme is based on providing support to people through direct awards of goods and services.

3.73 Since the introduction of full service, it is clear that the number of customers accessing the LWS scheme increased in 2018/19. The table below shows access to the scheme over the last two years and for the period up to the end of September 2019. Overall in 2018/19 around half of people accessing LWSS were on UC.

Year	Applications	Awards	Food / Fuel awards
2017/18	2,841	2,150	1,233
2018/19	3,372	2,616	1,892
2019/ 20 (half year)	1,456	1,183	812

### 3.74 Welfare Rights, Advice and Third sector update

- 3.75 The social policy issues raised by third sector organisations and the Council's Welfare Rights Unit are reported at the regional Welfare Rights Group and the Leeds based JobCentre Plus Liaison meeting where there is representation from the Stockport Service Centre.
- 3.76 **LCC Welfare Rights:** Since the full digital service was introduced, the Welfare Rights team have had 2,744 UC related enquiries. Attached at appendix two is a breakdown of the wards showing demand for each area and a case study demonstrating issues the Welfare Rights team are seeing.
- 3.77 The following issues have most recently been reported to the team;
- 3.78 There has been a number of enquiries received since the changes for pensioner couples were adopted in May 2019. This change affects couples where the older person reaches pension age but their partner is still working age (see appendix two for example).
- 3.79 As reported above there has been an increase in the number of people stating they have been defrauded into claiming UC. They were led to believe they were claiming a loan but were actually making a claim for UC only to become apparent once their other benefits have stopped. It has caused problems as the UC claim stops other benefits and it is difficult to get these reinstated.
- 3.80 As previously reported in March 2019 and referenced in the Help to Claim section above, clients have been advised to claim UC when they should have been advised to stay on legacy benefits. In most cases there is nothing Welfare Rights can do once a UC claim has been made. However, feedback has been provided to the relationship manager at DWP. Issues have also been logged on the Child Poverty Action Group early warning system which monitors national trends.
- 3.81 The service continues to have difficulties getting help from DWP for vulnerable and complex needs clients. In these cases Welfare Rights have referred the details to the relationship manager at DWP
- 3.82 **Citizens Advice** continues to campaign for changes to UC. A combination of the benefits freeze and a five week wait for payment means people often have to choose between rent, food and bills. CCA and CAL continue to work together to share clients' evidence on such issues, to call for changes to be made to tackle the five week wait, address sanctions and increase the flexibility of payments to ensure people can pay their bills and put food on the table.
- 3.83 In the last 6 months, locally 101 evidence forms have been submitted to Citizens Advice about the issues our clients are experiencing due to UC, the majority of which are about the initial UC claim.
- 3.84 The CAL and CCA are also working in collaboration with the University of Leeds to commence some research based around conditionality and also the experience of people with learning disabilities claiming universal credit.

- 3.85 Prevailing problems highlighted by **GIPSIL** advice workers include issues with payment of the housing costs element of UC and several cases where the initial payment of housing costs is missing. This has then been exacerbated by social landlords seeking immediate direct payments. This has made any missing payments less visible and resulted in financial hardship for the claimant with deductions of around £50 per calendar month.
- 3.86 Deductions generally are causing problems for claimants and whilst the reduction of the maximum level to 30% from 40% is welcome, it is especially difficult to budget for subsistence needs at 70% of the standard allowance of UC.
- 3.87 A further issue of social policy arising more frequently than expected relates to people moving mid-way through an assessment period to accommodation where they have no rental liability, e.g. moving in with family. As housing costs are paid on those relevant at the end of the assessment period, people are arbitrarily being placed in significant debt to where they have a liability for rent at the beginning but which terminates prior to the end of their assessment period.
- 3.88 **Foodbanks**; Numbers accessing foodbanks has seen an increase over the last five years.

	Apr - Mar 2018-19	Apr - Mar 2017-18	Apr - Mar 2016-17	Apr - Mar 2015-16	Jan - Dec 2014*	2017/18 to 2018/19 annual change	
						No	%
Leeds							
Number of times people have benefitted from Foodbanks	33,645	27,902	26,831	25,168	20,306	+5,743	+21%
Number of meals given out from Drop ins and Street Outreaches.	104,074	81,024	60,474	54,546	56,481	+23,050	+28%
*2014 data is not available at the same 12 month period for an exact annual comparison; however this table provides an indication of annual demand for emergency food provision across Leeds. Source: Leeds Food Aid Network (FAN), September 2019							

- 3.89 From the table above, which has been provided through foodbank research undertaken by the Food Aid network in the city, 33,645 people have been referred to a food bank or food parcel provider in 2018/19 which is a 21% increase on 2017/18. Further, 104,074 meal packs were handed out through a drop in, soup kitchen or through Street Outreach. These types of support usually benefit people who have experienced homelessness at some point in their lives.
- 3.90 At a more local level, some data from Trussell Trust Leeds South and East foodbank provides insight into the impacts of UC on foodbank usage. Data from September 2019 reveals:
- 365 accessing the foodbank have applied for UC or are in receipt of UC
  - 41% of these people were awaiting their 1<sup>st</sup> payment of UC
  - 43% were having deductions from their UC payment
  - 25% accessing the foodbank were in work and advised that they did not feel better off under the new system

- 37% had made arrangements to pay their landlord
- 33% were in rent arrears
- 43% had reductions to their UC payment
- 24% of those in receipt of UC at this foodbank had received £250 or less for the month's payment (5% had received less than £100 for the month).

## **4. Corporate considerations**

### **4.1 Consultation and engagement**

4.1.1 This report provides an update on the impacts and activity related to UC, all organisations involved in the delivery of UC or provide advice and guidance have been consulted.

### **4.2 Equality and diversity / cohesion and integration**

4.2.1 The Government's UC has implications for equality and diversity and it has been subject to equality impact assessments by the DWP.

### **4.3 Council policies and the Best Council Plan**

4.3.1 The work set out in this report on financial inclusion and the proactive partnership approach to work to implement UC in the city contributes towards achieving the Council's ambition to build a compassionate city and tackling poverty and reducing inequalities. The overarching aim of the Best Council Plan is 'Tackling Poverty and Reducing Inequalities'. The activities set out in this report support the Best City Priority of Safe, Strong Communities through;

- Keeping people safe from harm, protecting the most vulnerable.
- Helping people out of financial hardship.
- Tackling crime and anti-social behaviour.
- Being responsive to local needs, building thriving, resilient communities.
- Promoting community respect and resilience.

#### Climate Emergency

4.3.2 One key aspect of the work on poverty alleviation is the redirection of surplus food to foodbanks. It is estimated that in Leeds approximately 143 tonnes of surplus food is intercepted and therefore saved from disposal to waste (in the year up to end March 2019). Waste food is a contributor to climate change as it results in methane emissions which have a greater impact on climate change than the equivalent amount of CO<sub>2</sub>. However, for consistency of approach it has been calculated that the CO<sub>2</sub> equivalent of the emissions that have been saved from escape to the atmosphere is 60 tonnes of CO<sub>2</sub> in the year. However, had the food not been redirected and eaten and instead the whole of this 143 tonnes of food had gone to waste, the production, transport and distribution of the food would have to be factored in, and in that event the total emissions would have been the equivalent of 533 tonnes of CO<sub>2</sub>.

4.3.3 There are no other known specific positive or negative impacts as a result of the work described in this report.

#### **4.4 Resources, procurement and value for money**

- 4.4.1 All of the projects and services referred to in this report are being undertaken within current budgets, there are no additional resource implications arising from this report.

#### **4.5 Legal implications, access to information, and call-in**

- 4.5.1 There are no specific legal implications or access to information issues with the report.

#### **4.6 Risk management**

- 4.6.1 The introduction of UC has increased the risk of rent arrears and Council Tax arrears. By ensuring all staff have been fully equipped with the relevant knowledge of UC and the support tools available to them, it is anticipated that the risks can be mitigated.
- 4.6.2 UC 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.

### **5. Conclusions**

- 5.1 The Council and partners have been preparing for full service roll out for some years with cross sector partnership working to ensure all stakeholders including front line services and citizens across Leeds understand the implications of UC. It is clear that this strong partnership approach will continue for some years as more people move on to claiming UC. It is likely that the full impacts of UC will not be felt in Leeds until the transition from legacy benefits is underway.
- 5.2 The issues raised in this report are well understood by all parties involved due to continued communications and partnership work. The work being undertaken in the city is report to regional and national bodies through the local DWP, Citizens Advice and Welfare Rights groups.

### **6. Recommendations**

- 6.1 That the information supplied in this report is noted.
- 6.2 That Scrutiny Board, make any recommendations for future monitoring the impact of the work being undertaken to address financial inclusion and the impact of Universal Credit.

### **7. Background documents<sup>1</sup>**

- 7.1 None

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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 1- Universal Credit Claimants by Ward and Community Committee

According to the latest DWP statistic for October 2019, 27,945 individuals were on Universal Credit in Leeds. Of this figure 9,479 (34%) were in employment and 18,467 (66%) were not in employment. The tables below break down these figures by ward and community committee.

In addition 46% (12,823) were male and 54% (15,113) were female. Nationally 2.54m people claimed UC in October, 44% were male and 56% were female.

**Table 1: Ward Breakdown**

Ward	Not in employment	In employment	Total
Adel and Wharfedale	234	138	387
Alwoodley	303	174	468
Ardsley and Robin Hood	293	196	482
Armley	1,078	475	1,552
Beeston and Holbeck	943	501	1,434
Bramley and Stanningley	773	408	1,162
Burmantofts and Richmond Hill	1,578	633	2,210
Calverley and Farsley	278	185	431
Chapel Allerton	739	355	1,081
Cross Gates and Whinmoor	512	321	823
Farnley and Wortley	831	401	1,225
Garforth and Swillington	183	162	319
Gipton and Harehills	1,697	769	2,455
Guiseley and Rawdon	134	137	269
Harewood	94	60	147
Headingley and Hyde Park	383	198	563
Horsforth	209	131	344
Hunslet and Riverside	1,173	527	1,705
Killingbeck and Seacroft	1,058	491	1,542
Kippax and Methley	244	195	437
Kirkstall	555	249	796
Little London and Woodhouse	796	243	1,030
Middleton Park	1,181	625	1,797
Moortown	309	148	467
Morley North	348	229	570
Morley South	371	263	631
Otley and Yeadon	260	209	477
Pudsey	426	264	687
Rothwell	287	201	463
Roundhay	343	187	531
Temple Newsam	489	289	768
Weetwood	271	152	417
Wetherby	139	108	265
<b>Leeds</b>	<b>18,467</b>	<b>9,479</b>	<b>27,945</b>

**Table 2: Community Committee Breakdown**

<b>Community Committee</b>	<b>Not in employment</b>	<b>In employment</b>	<b>Total</b>
Inner East	4,401	1,686	6,097
Inner North East	1,427	560	1,999
Inner North West	1,279	479	1,771
Inner South	3,243	1,398	4,682
Inner West	2,460	1,108	3,530
Outer East	1,383	782	2,153
Outer North East	513	275	770
Outer North West	776	493	1,269
Outer South	1,350	807	2,142
Outer West	1,568	696	2,250

## Appendix 2- Citizens Advice enquiries

Figure 1 shows the types of UC issues dealt with by CCA and CAL since April 2019. The largest proportion of enquiries- 66% have been about initial claims.

Figure 1

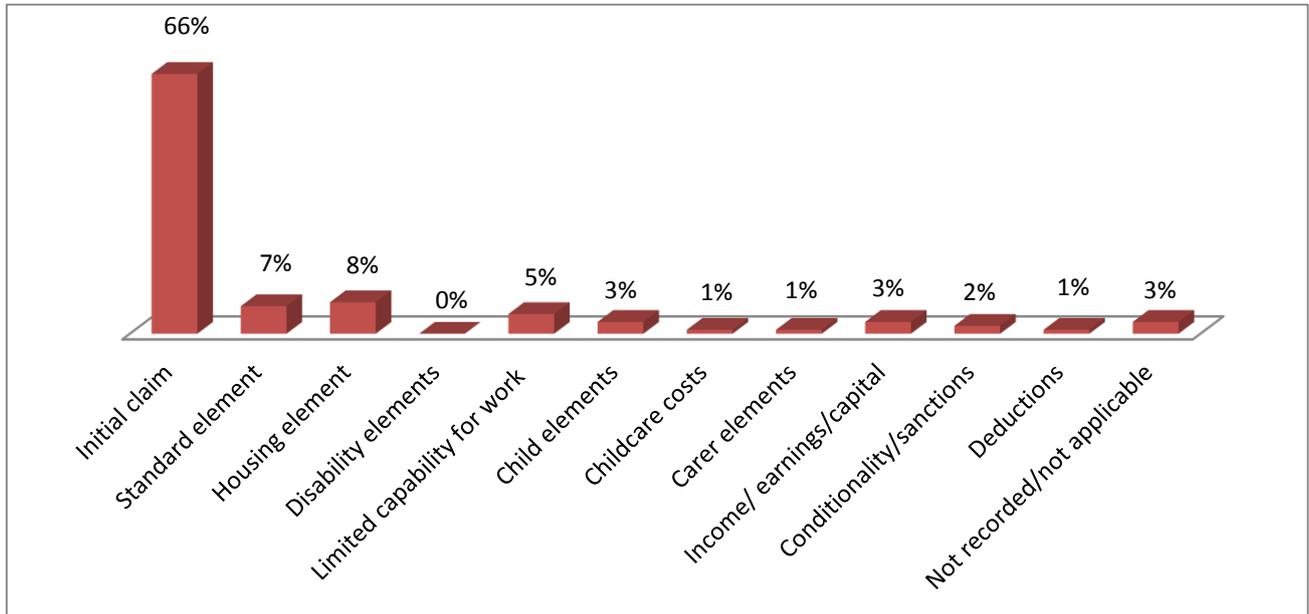
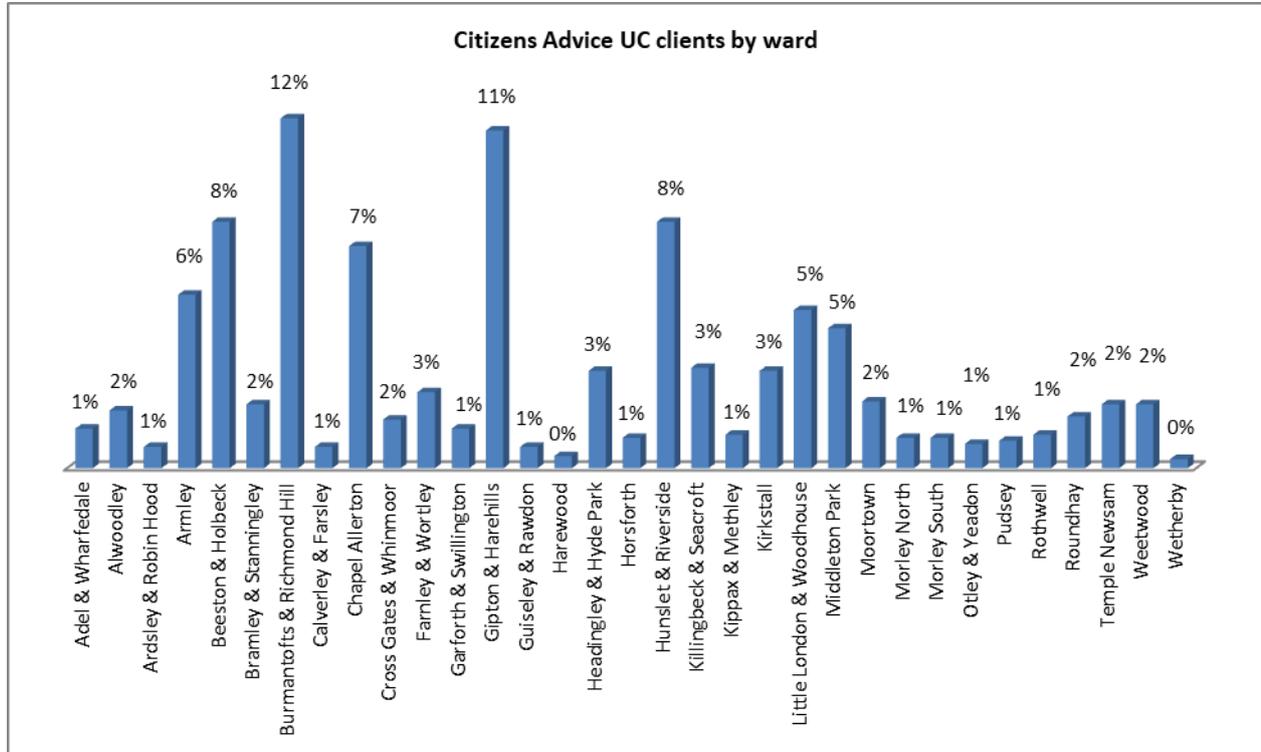


Figure 2 shows Citizens Advice UC clients by ward in Leeds

Figure 2



### Appendix 3- Welfare Rights UC enquiries by ward

Name	Count
Adel & Wharfedale	33
Alwoodley	71
Ardley & Robin Hood	38
Armley	133
Beeston & Holbeck	103
Bramley & Stanningley	140
Burmantofts & Richmond Hill	160
Calverley & Farsley	56
Chapel Allerton	113
Cross Gates & Whinmoor	72
Farnley & Wortley	109
Garforth & Swillington	64
Gipton & Harehills	204
Guiseley & Rawdon	32
Harewood Ward	12
Headingley & Hyde Park	51
Horsforth	38
Hunslet & Riverside	151
Killingbeck & Seacroft	135
Kippax & Methley	51
Kirkstall	112
Little London & Woodhouse	64
Middleton Park	147
Moortown	47
Morley North	61
Morley South	75
Otley & Yeadon	93
Pudsey	99
Rothwell	50
Roundhay	46
Temple Newsam	69
Weetwood	54
Wetherby Ward	22
<b>Total on UC</b>	<b>2705</b>

#### Case Study

Customer reached pension age after May 2019, they had a partner who was still of working age. Prior to May they would have been able to claim pensioner benefits such as Pension Credit (giving an income of £255.25 per week) but this option is not available under the new rules and they must claim Universal Credit instead (equivalent to £114.85 per week). This is a loss of £140.40 per week (or £7300 per year). Given that only 15% of pensioner couples are born within a year of each other, some 85% of low income couples where the eldest reaches pension age after May 2019 will be £7300 worse off or more. In addition they may also be subject to losing out on other pensioner benefits, which means that they may be subject to the benefit cap, bedroom tax, extra council tax payments etc. If the couple were to separate the pensioner would receive £167.25 per week on their own rather than the £114.85 for both them and their partner.

