

WELWYN HATFIELD BOROUGH COUNCIL
CABINET – 7 NOVEMBER 2017
REPORT OF THE EXECUTIVE DIRECTOR (RESOURCES, ENVIRONMENT AND
CULTURAL SERVICES)

UNIVERSAL CREDIT

1 Executive Summary

- 1.1 Cabinet were informed in March 2017 about the next stage of the Universal Credit roll out, which is scheduled for the Hatfield jobcentre from 6 December 2017. This follows the first phase of the Universal Credit roll out, which commenced in September 2015 and only included new single people previously eligible for Jobseekers Allowance. The impact of this was minimal.
- 1.2 The purpose of this report is to update Cabinet on the changes that will be introduced from this December, which vary slightly from the changes previously announced.
- 1.3 The Department for Works & Pensions (DWP) has stated that all working age benefit claimants will be using the full Universal Credit service by March 2022. Our caseload at the end of September was 8,080, of which 5,083 were working age claimants so could be affected. Universal Credit will not affect pensioners.
- 1.4 Universal Credit is a DWP social security benefit and local councils do not have any control over the administration of the scheme, the level of Universal Credit awarded or the length of time it will take to process an application. Welwyn Hatfield Borough Council's role will be to advise and support our residents with completing a claim form, and signposting them to the DWP or appropriate support services.

2 Recommendation(s)

- 2.1 That Cabinet note the contents of this report
- 2.2 That Cabinet agree to write to the local MP expressing our concerns about the financial difficulties Welwyn Hatfield Borough Council residents will face with the roll out of Universal Credit resulting from delays in payments.

3 Explanation

- 3.1 Universal Credit will eventually replace the current benefit system and brings together housing benefit for working age people with other welfare benefits and tax credits. The scheme will be managed by DWP, with claim submission and change of circumstances submitted by claimants using an online portal. Essentially Universal Credit eligibility rules will correspond to what a benefit claimant would previously have been entitled to and which Universal Credit replaces.

- 3.2 Universal Credit will be paid once a month in arrears, and not weekly. Maximum benefit will be paid to all those out of work with no other income. Those in work will have the maximum benefit tapered down, with the taper directly linked to the claimant's earnings. Initial reports suggest that a Universal Credit claim could take 6 weeks to process with 7 waiting days in which Universal Credit is not payable. This has been taken into consideration by the DWP who can offer payments in advance under these circumstances. The council's benefits team will signpost customers should we become aware of any cases where this facility may be required and offer as much advice as possible regarding this. The CAB advisors and council housing officers will also raise awareness of this facility. However, we do need to be careful with the advice we offer on advance payments as this is a DWP decision and we cannot make an assumption that an advance payment will be made.
- 3.3 In March 2017 Cabinet received a paper which explained that, from December 2017 single people of working age who made a new claim for benefits would automatically receive Universal Credit. At that time the Council had 57 such cases. Single working age recipients of housing benefit who have a break in their DWP benefit entitlement would also migrate onto Universal Credit.
- 3.4 DWP have since informed the Council, that the Universal Credit roll out will now also apply to new claims from working age families. The only exception will be where a family has three or more children. Currently, the volume of new working age housing benefit claims is around 100 per month. Around 80% of these cases will go onto Universal Credit, as some will fall under the exempt criteria which will see housing benefit continue.
- 3.5 In addition to the arrangements for new claims, the December roll out will see the migration of current housing benefit claimants to Universal Credit where there is a change of circumstances. The definition of 'change of circumstances' covers all changes to Tax Credit, Employment Support Allowance, Job Seekers Allowance and Income Support for Housing Benefit recipients.
- 3.6 We currently have 1,986 working age cases incorporating these elements, therefore the impact of this is likely to be a large scale migration of current housing benefit recipients to Universal Credit, which will be more significant than the 2015 roll out. Whilst overall, we will have less housing benefit claims to deal with, we will potentially still have the more complex cases which take a longer time, and we will not have the claims which we are able to process within a couple of days. The Council will continue to receive claims for council tax support (CTS), and whilst housing benefit workloads will slowly start to reduce, there is potentially a big increase in correspondence for CTS cases.
- 3.7 The real time information sharing between HM Revenue and Customs (HMRC) and the DWP, will see Universal Credit awards automatically updated with any change to wage levels. A Universal Credit notification will be issued to the council every time there is a change to the rate of Universal Credit. These notifications have to be reflected in the CTS award calculation, which will also involve recalculating CTS and re-billing for the financial year.
- 3.8 Currently data matches from HMRC are received monthly for housing benefit recipients but they are not triggered for every change in pay level, so the volume of changes in circumstances are at a lower scale. Feedback from local authorities that have already undertaken full roll out, indicates that there is a high

volume of these notifications as they are triggered by any change to primary benefits including Tax Credits. Each notification will require an adjustment to the CTS account and many of these are where the claimant in work is on a fluctuating low income.

- 3.9 The DWP has stated in recent meetings with us, that every local authority that has migrated to Universal Credit, has suffered a dip in their performance. It is unusual for them to make such a statement, as they generally publicise how well things are running. Based on the experience of the other Universal Credit local authorities, the CTS workloads have increased significantly, and it has taken these authorities up to 12 months to bring performance levels back up to target.
- 3.10 Current rent arrears levels are £1.14 million, a conservative estimate for the increase in current rent arrears levels would see the arrears increase by 50% as a minimum, based on anecdotal feedback from other authorities who have gone live with Universal Credit already. This initial increase will be followed by a plateau in arrears levels creating a new baseline for our rent arrears performance levels. This future level is hard to determine, but should be seen in time for 2018/19 target setting.
- 3.11 Universal Credit in the Borough will be administered by the Hatfield Jobcentre. The roll out of Universal Credit continues to be discussed regularly through an internal officer group, made up of the Benefit Client team, the Housing and Community team and Sopra Steria. These discussions focus on the work required to support claimants, and what we will be required to deliver, and plan for changes brought about by welfare reform. Our housing benefit staff will be advising all the residents they meet in person and on the telephone about Universal Credit changes. The council's Housing and Community team continues to facilitate the sharing of information about these changes with partners via the Community Inclusion Partnership (CIP). The Job Centre Plus are presenting to the CIP on 26th October.
- 3.12 Generic information on Universal Credit is already available on the council website for all residents in the borough. A communications plan is currently being developed by Housing to provide more specific and targeted information to council tenants and other customers who are at risk of homelessness, with those identified as being most vulnerable receiving information as quickly and as frequently as possible leading up to the roll out in December. This will include information leaflets, communication via Your Voice, a briefing to Tenant Panel, messages via the website and social media and posters in Reception. There will be an Article in the Life Magazine about the Universal Credit rollout in our area.
- 3.13 The Council will have to provide support to Universal Credit Service Centre staff around housing cost issues that may arise. This has already been happening and will continue by:
- Identifying named points of contact.
 - Providing expertise for complex housing cost issues. This is provided by the benefit staff as part of the administration of housing benefit.
 - Responding to requests for information on Universal Credit claimants' current housing benefit claim status within 2 working days.

- Completing and returning claimant data forms within 5 working days of receipt of the request. The non-return of the completed form may result in an incorrect Universal Credit award.
 - Providing management information on the different type of enquiries received.
 - Referrals for personal budgeting support
- 3.14 The Council's benefit team will provide support to Universal Credit claimants with their on line claims. They will also provide them with access to a PC in our reception area should they wish to use this to complete their claim. The council also works in partnership with other organisations to sign post residents to venues where there is free IT access, such as the library and services are available via the voluntary sector to provide more bespoke support to residents who need extra help. The council's Community Development Team runs courses for residents to help improve their IT skills. Those residents needing budgeting support will be referred to the Citizen's Advice Bureau (CAB). The Council has an arrangement in place with the CAB to provide personal budgeting support. The CAB are the experts in providing financial assistance and we need to use their expertise to assist those residents needing financial support. The CAB are based in the council offices at Campus East and at Hatfield (Housing Office) every week day. As well as the specific service they provide relating to Universal Credit support, they also provide an extensive money advice service on behalf of the council which is available to all residents of the borough who require housing/money advice. The Housing team also promote the Credit Union and the Credit Union regularly attend the CIP.
- 3.15 The DWP has provided us with an estimate that 5% of Universal Credit claimants will require personal budgeting support from us. Customers requesting assistance with budgeting when contacting the Council, or are referred from the DWP, are referred onto the Citizens Advice Bureau (CAB). The Council has an arrangement in place with the CAB to provide personal budgeting support. The number of referrals is minimal at this stage. There is some funding available to pay the CAB but this is very limited and will only fund ad hoc enquiries. The CAB also work out of our reception area on an appointment basis.
- 3.16 The council continues to facilitate the sharing of information about these important changes with partners via the Community Inclusion Partnership. Generic information on Universal Credit is already available on the council website for all residents in the borough.

Implications

4 Legal Implication(s)

- 4.1 The framework for Universal Credit is set out in Part 1 of the Welfare Reform Act 2012 which became law on 8 March 2012. The details are set out in the Universal Credit Regulations 2013.

5 Financial Implication(s)

- 5.1 We have received £31k Universal Credit new burdens funding to date. Additional funding of up to £48k is also available to cover management costs, but this is limited and it is expected that this will cover any additional funding requirements by the Council's benefit service provider, Sopra Steria, and the CAB.
- 5.2 Current tenant arrears levels are expected to increase, anticipated to be in excess of 50% of the current £1.14 millions arrears owed. This would push our current arrears levels up to £1.7 million.

6 Risk Management Implications

- 6.1 There is a risk of disruption to benefit claimants who are often vulnerable people in society as a result of the DWP roll out of Universal Credit. There is also a risk of the roll-out creating an incentive for people to limit their working hours in order to keep receiving benefits.
- 6.2 There is a possibility that Universal Credit and housing benefit will both be in payment for the same period if there is a backlog in processing Universal Credit claims. Recovery of housing benefit overpayments will then become more difficult as the Council Benefit team (Sopra Steria) will not be able to make deductions from ongoing housing benefit. This facility will be removed once a claimant transfers to Universal Credit. The DWP have already confirmed that they will not be recovering housing benefit overpayments on behalf of local authorities. There is also the risk of accruing rent arrears. A Universal Credit claim is expected to take 6 weeks to process with 7 waiting days in which Universal Credit is not payable, and housing benefit will not also not be paid.
- 6.3 The last cases to go over to Universal Credit will be the residents that are likely to need the most support. They will have relied on benefits for years without any change in their circumstances and may experience difficulties migrating to Universal Credit.
- 6.4 The migration of large numbers of housing benefit recipients to Universal Credit is likely to see an increase in rent arrears, both for Council properties and Registered Social Landlord properties. Once awarded the payment of Universal Credit in respect of housing costs will be made monthly in arrears. This waiting period could result in significant increases in applications for discretionary housing payments.
- 6.5 The council could see a rise in homeless claims as a result of the roll out, due to the delay in claimant's receiving payments, which may lead to a build of rent arrears. The teams work hard to ensure that staff are knowledgeable about the system and the help available to claimants; we also maintain a Directory of Crisis Services, including foodbanks, where we sign post customers.
- 6.6 Although Universal Credit is a DWP scheme there is a reputational risk to the council with the roll out of the scheme and the possible delays our residents could face with receiving their Universal Credit payments. The timing of the roll out in our borough, so close to Christmas, could also cause financial difficulties for claimants. The Council will support claimants with the process and budgeting support through CAB to help mitigate this risk.

7 Security & Terrorism Implication(s)

7.1 There are no security and terrorism implications with the recommendation in this report.

8 Procurement Implication(s)

8.1 There are none.

9 Climate Change Implication(s)

9.1 The proposals in this report will not impact on greenhouse gas emissions.

10 Link to Corporate Priorities

10.1 The subject of this report is linked to the Council's Corporate Priority: Engage with our communities and provide value for money.

11 Equality and Diversity

11.1 An Equality Impact Assessment has been carried out by the DWP. An initial impact assessment has been carried out on the Universal Credit changes in this report and there were not any differential impacts identified.

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