

WELWYN HATFIELD BOROUGH COUNCIL  
CABINET – 4 DECEMBER 2018  
REPORT OF THE CORPORATE DIRECTOR (RESOURCES, ENVIRONMENT AND  
CULTURAL SERVICES)

UNIVERSAL CREDIT

**1 Executive Summary**

- 1.1 The purpose of this report is to provide an update to Cabinet on Universal Credit. This follows changes to the personal budgeting support arrangements we have in place with Citizens Advice and changes announced in the 2018 budget.
- 1.2 Universal Credit is a Department for Works & Pensions (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.
- 1.3 Welwyn Hatfield Borough Council's role is to advise and support our residents with completing a claim form, and signposting them to the DWP or appropriate support services, where necessary. Universal Credit does not affect pensioners.

**2 Recommendation(s)**

- 2.1 That Cabinet note the contents of this report.

**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 is managed by DWP and since December 2017 working age claimants who are either single or couples with two children have naturally migrated over to Universal Credit when they have had a change in their circumstances, or made a new claim.
- 3.2 Since the rollout of Universal Credit the Council's benefit team has provided as much advice as possible and signposted customers to the relevant agencies. The Citizens Advice advisors and Council housing officers have also raised awareness of this facility to help combat hardship and rent arrears building up. However, we have been careful with our advice on advanced payments as this is a DWP decision.
- 3.3 There has been an increase in correspondence since the December 2017 roll out of Universal Credit full service. Universal Credit has already generated an additional 6,500+ pieces of correspondence during 2018/19, compared to the same period last year.
- 3.4 Universal Credit awards are re-assessed on a monthly basis, at the end of each assessment period set by the DWP. The council is notified of the changes in the

Universal Credit award and these changes need to be reflected in the council tax support (CTS) award, which involves recalculating CTS for the claimants.

- 3.5 Universal Credit in the Borough is 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 and Citizens Advice. These discussions focus on the work required to support claimants, what we will be required to deliver, and plan for changes brought about by welfare reform. Our housing benefit staff have been 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), and Housing's Citizens Advice drop in surgeries held in the council offices.
- 3.6 The wait time for Universal Credit applications continues to improve and the Hatfield Jobcentre has said that slow progress is being made. The circumstances of those on Universal Credit or in receipt of housing benefit is taken into consideration when making payment arrangements or taking recovery action. Council tax support is dealt with separately from Universal Credit and the council is not aware of residents who may have applied for Universal Credit. We would only become aware should they apply for or are already in receipt of council tax support.
- 3.7 We have been working with Citizens Advice about Universal Credit and how we can improve the resident's transition to Universal Credit by providing personal budgeting support (PBS) as well additional support for residents to set up email addresses or a bank account which are all essential conditions the resident must meet to claim Universal Credit. Claimants requiring PBS are referred for such support by the Jobcentre. As the Citizens Advice already provide areas of financial support to individuals, and provide this service in other areas, arrangements are in place with the Citizens Advice to have one of their officers based in the Hatfield Jobcentre at least one day a week, with a further day surgery at the Citizens Advice Offices in Queensway House, Hatfield.
- 3.8 We received £21,000 funding, for 2018/19, from the DWP to facilitate this activity and Cabinet agreed to provide this funding to the Citizens Advice to provide the support service. This approach has enabled residents to receive PBS whilst they are in the jobcentre discussing their Universal Credit application, so they will not need to be separately referred by the benefit team.
- 3.9 The Citizens Advice are the experts in providing financial assistance and we have used their expertise to assist those residents needing financial support. Since the full Universal Credit service commenced in the borough we have referred 189 residents for PBS. The Citizens Advice also continue to work out of our reception area on an appointment basis.
- 3.10 In October the government announced a new partnership between DWP and Citizens Advice to deliver PBS from 1 April 2019, which means that Local Authorities will no longer be asked to deliver Universal Support from that date. This decision is based on feedback which apparently made it clear that the current model is not delivering the support for vulnerable claimants as effectively as it could have been. Funding arrangements will remain in place

until 31 March 2019, with joint running of the Citizens Advice partnership until this date, to ensure that there are no gaps in provision.

- 3.11 The current PBS referral process will no longer involve the Jobcentre emailing referrals to the council to complete a PBS referral form which is sent to Citizens Advice, who will then contact the resident for an appointment. The council is required to collate and submit monthly PBS management information and funding is provided for this on a per case basis, which is shared with Citizens Advice.
- 3.12 It should be noted that the DWP's arrangement with Citizens Advice is only for one year and will be reviewed with a decision made on how to proceed from April 2020.
- 3.13 In the October 2018 budget further changes to Universal Credit were announced:
  - 3.13.1 Plans have also been drawn up to continue paying income support, employment and support allowance, and job seekers allowance for two weeks after a claim for Universal Credit has been made. A similar policy for housing benefit was introduced in last year's Budget, following evidence that some claimants were going into rent arrears. This will be effective from July 2020 and could benefit approx. 2,520 claimants in our borough.
  - 3.13.2 The amount households with children, and people with disabilities can earn before their Universal Credit award begins to be withdrawn will be increased by £1,000 P/A from April 2019. This is the increase to the Work Allowance (The amount of pay you can earn before the 63% taper kicks in), which is currently set at £111.00 and will be subject to the 63% taper. We do not know how many people will be affected as this relates to the Universal Credit caseload at the Jobcentre.
  - 3.13.3 From October 2019, there will be changes to how deductions from a claimant's payment can be made. Claimants can ask for an advance to help them get by while waiting for their first proper Universal Credit payment. Under revised plans, the maximum amount that can be deducted will be reduced from 40% to 30% of their total award each month, when paying this back. This will provide support for those on universal credit to repay debt. From October 2021, the period over which advances will be recovered will be increased from 12 to 16 months.
  - 3.13.4 To support the transition to Universal Credit for all self-employed people, the 12 month grace period will be extended to all gainfully self-employed people; giving claimants time to grow their businesses to a sustainable level. This will be introduced from July 2019 and implemented fully from September 2020. This means that actual earnings rather than assumed minimum wage earnings will be used when calculating Universal Credit for self-employed people.
  - 3.13.5 In response to feedback the switchover for existing benefit claimants to Universal Credit will be delivered slowly and more carefully, beginning in July 2019, as planned, but will end in December 2023. The remaining caseload is made up of families with 3 or more children, those in temporary or supported housing and claimants without a change in their circumstances.

## **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     The £21,000 funding we have received to provide PBS through the Citizens Advice will cease from April 2019. We also expect any additional funding to cover management costs to also cease.
- 5.2     Current tenant arrears levels are expected to continue to increase, as we see more benefit claims transition over to Universal Credit; arrears have increased by £64,000 in the last three months. Current arrears levels are £1.3 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     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.
- 6.3     The council could see a rise in homeless applications as a result of the roll out, due to the delay in claimant's receiving payments, which may lead to a build-up 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 signpost customers.
- 6.4     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.

### **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     Human Resources Implication(s)**

10.1    There are none.

**11     Health and Wellbeing Implication(s)**

11.1    There are none.

**12     Communication and Engagement Implication(s)**

12.1    There are none.

**13     Link to Corporate Priorities**

13.1    The subject of this report is linked to the Council's Corporate Priority: Our Council and achieving 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 December 2017 and there were not any differential impacts identified.

Name of author	Farhad Cantel
Title	Client Support Services Manager
Date	November 2018