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| <b>SUBJECT:</b>      | <b>WELFARE REFORM AND UNIVERSAL CREDIT UPDATE</b>   |
| <b>DIRECTORATE:</b>  | <b>CHIEF EXECUTIVE AND TOWN CLERK</b>               |
| <b>LEAD OFFICER:</b> | <b>ROB KAY, WELFARE REFORM AND PROJECTS OFFICER</b> |

## **1. Purpose of Report**

- 1.1 To provide Joint Committee with an update regarding the national and local position of welfare reform, with a specific focus on Universal Credit (UC) for this particular report.

## **2. Executive Summary**

- 2.1 This report provides Joint Committee with an update on Universal Credit to include reference to the national and local position of Universal Credit, City of Lincoln, North Kesteven and the Shared Service preparations for roll-out to Full Service, migration of customers in receipt of legacy benefits and the potential impact of migration to City of Lincoln and North Kesteven rent arrears.

## **3. Background**

- 3.1 Future reports will provide Joint Committee with an up to date position on the following:
- National Progress
  - Full Service
  - Impact on the Councils income (Rent, Council Tax and Overpayments)
  - Universal Support Team
  - Background Papers.

## **4. National Progress – Universal Credit**

- 4.1 As Full Service roll-out progresses, the number and range of people claiming UC is likely to grow quickly. As of 24<sup>th</sup> October 2018, there are 517 jobcentres running the Full Service with roll-out scheduled to be completed by December 2018.
- 4.2 Latest figures published by the Department for Work and Pensions (DWP) were released on 16<sup>th</sup> October 2018, with statistics relevant to the period up to 13<sup>th</sup> September 2018.
- 1,220,443 households receiving UC – this is a 10% increase from August 2018
  - (35%) were in employment.
- 4.3 It is expected managed payment figures will increase as the roll-out to Full Service

gains momentum. A managed payment can be applied for by the landlord for payment of rent or rent arrears deduction. The payment of UC Housing Costs would be paid direct to the landlord. Landlords are required to complete a form requesting this.

## **5. Recent Universal Credit changes – Autumn 2018 budget announcement**

- 5.1 **Universal Support** currently helps with digital support, such as using a computer to make or maintain their claim, and assistance in budgeting and managing their finances.

DWP will enter into a new partnership with Citizens Advice immediately, and they will run their developing service alongside local authorities until 31 March 2019, when Citizens Advice will deliver the full service solely from April 2019.

DWP will provide £39 million of funding from April 2019 to Citizens Advice and Citizens Advice Scotland to provide this service. DWP will fund Citizens Advice and Citizens Advice Scotland a further £12 million to set up delivery in the run up to April 2019 to ensure a smooth transition to the new delivery model. This funding is from Universal Support's £200 million budget, which was launched in 2015.

There is still a great deal of clarity still required regarding how this arrangement may work, what the exact scope is, and what local authorities' role may be, with concerns as to how this model may operate and whether or not it will match the holistic service to UC customers currently being provided by our shared service to residents of Lincoln and North Kesteven.

- 5.2 The Budget provides additional support for people transferring onto Universal Credit, and an increase in the Work Allowance that will mean 2.4 million households keep more of their income.

**Universal Credit Work Allowance increase** –the amount that households with children, and people with disabilities can earn before their Universal Credit award begins to be withdrawn – the Work Allowance – will be increased by £1,000 from April 2019. This means that 2.4 million households will keep an extra £630 of income each year.

**Extra help for households moving onto Universal Credit** – The government has listened to representations made by stakeholders on Universal Credit, and the Budget announces an extensive package of extra support for claimants as they make the transition to Universal Credit.

Building on the Autumn Budget 2017 announcement that Housing Benefit claimants will receive an additional payment providing a fortnight's worth of support during their transition to Universal Credit, the government will extend this provision to cover the income-related elements of Jobseeker's Allowance and Employment and Support Allowance, and Income Support. This will be effective from July 2020, and benefit around 1.1 million claimants.

To support the transition to Universal Credit for all self-employed people, the

government is also extending the 12-month grace period (the period before the Minimum Income Floor applies) 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.

From October 2019, the government will reduce the maximum rate at which deductions can be made from a Universal Credit award from 40% to 30% of the standard allowance. This will ensure that those on Universal Credit are supported to repay debts in a more sustainable and manageable way. From October 2021, the government will also increase the period over which advances will be recovered, from 12 to 16 months.

**Funding for previously announced measures** – In addition, the Budget provides funding for the announcements made by the Secretary of State for Work and Pensions in April and June 2018 to support the roll-out of Universal Credit. This provided additional protections for welfare claimants, including: enhancements to transitional protection for people moving onto Universal Credit; extending existing support for non-parental carers and adopters in tax credits and Universal Credit; and enhanced protections for those currently receiving the Severe Disability Premium to provide additional support as Universal Credit is implemented.

The government will deliver these changes slowly and carefully. In response to feedback on Universal Credit, the implementation schedule has been updated: it will begin in July 2019, as planned, but will end in December 2023. The scope of the surplus earnings policy in Universal Credit will also be temporarily reduced: it will continue to affect large earnings spikes (above £2,500) until April 2020, when it will revert to affecting earnings spikes of £300.

## **6. Support for 18 to 21 year olds and supported Housing**

### **6.1 Support for 18 to 21 year olds claiming Universal Credit**

In the Autumn Budget 2017, Ministers have reversed a 2014 move stopping individuals under the age of 21 automatically being entitled to Universal Credit housing costs. This decision has not yet been passed through legislation, and it is likely this will not take place in Autumn 2018 as the legislation has been delayed by 6 months.

As a result, currently, 18 to 21 year olds are not eligible for support towards their housing costs, unless they are classed as vulnerable (as defined by DWP). Around 90% of 18-21 year olds are in these categories.

The DWP provides a programme of intensive support for all 18 to 21 year olds making a new claim to Universal Credit. This programme is being rolled-out in line with the roll-out schedule for Universal Credit. It aims to encourage and support all young people into employment, work-related training or an apprenticeship, including a programme of intensive support that is tailored to the individuals' needs and job goals. If the individual is attending training or work experience, travel and childcare costs may also be reimbursed.

### **6.2 Universal Credit and Supported Housing**

Consultation on a new way of providing funding for supporting housing and a “sheltered rent” closed earlier this year. The new arrangements were intended to start next year and this would have reduced drastically the number of Housing Benefit claims (including for those of pension age). Instead, ring fenced funding would have been provided to local authorities to provide support for these customers.

On 9<sup>th</sup> August 2018, Government announced that all these plans have been dropped and that local authorities will therefore be maintaining Housing Benefit for all supported housing, including short-term. This reflects the particular needs of these vulnerable groups of people, and the government’s commitment to protect them. The plans to introduce a sheltered rent have also gone.

## **7. Impact on the Councils income – Rent**

- 7.1 The Welfare Reform and Project Officer has been working with City of Lincoln Housing and North Kesteven Housing colleagues to monitor the impact UC claims are currently having on rent collection.
- 7.2 The data shows that of the 863 City of Lincoln tenants in receipt of UC, as of 12 November 2018, there is an increase in arrears, for 583 tenants totalling £177,113.
- 7.3 The data shows that of the 77 North Kesteven tenants in receipt of UC, as of 12 November 2018, there is an increase in arrears, for 70 tenants totalling £36,870.

## **8. Universal Support Team**

- 8.1 The team continue to work on a rota basis and are located in Lincoln Jobcentre 9am – 12pm & 1pm – 4pm every day to be on hand to support customers. A dedicated e-mail address and telephone number are also in place, for direct access to this team.
- 8.2 Providing Assisted Digital Support (ADS) for customers wishing to make a claim by:
  - Supporting the customer to transact with Universal Credit using a personal computer or their specific device
  - Ensuring the customer keeps log-in credentials safe
  - Setting up a personal email address if the customer doesn’t already have one
  - Ensuring that the customer is able to access their email account to retrieve the email code
  - Ensuring that the customer is aware of the details they need to have to hand to safely complete their identity verification and claim Universal Credit
  - Supporting the customer to scan relevant documents to process a claim
  - Ensuring that the customer understands how to access the ‘partner code’ and the requirement for their partner to complete their online claim using the partner code

Helping our customers maintain their Universal Credit claim by providing assistance in:

- Managing their claim via the online Universal Credit account on whatever

device they have access to

- Managing their own email account on whatever device they have access to
- Navigating the platform and clearing their personal 'To do' list
- Making journal entries
- Uploading documents including their CV and medical certificates
- Notifying a change of circumstances
- Making enquiries
- Printing documents

Provide Personal Budgeting Support (PBS) for our customers by:

- Supporting customers to manage their monthly payments and prioritise essential bills such as rent
- Supporting customers who require personal budgeting assistance to manage their Universal Credit. The support to be offered includes:
  - Identifying the appropriate channel and provider to deliver personal budgeting support and referring the customer to the right place immediately
  - Providing, or arranging, telephone or face to face personal budgeting support and follow up action as appropriate
  - Referring customers who may need an alternative payment arrangement to Jobcentre Plus
  - Referring customers to Welfare Advice for other support services such as debt advice

Resulting in claimants being able to:

- Understand their Universal Credit award and what they can claim as well as entitlement to other benefits or grants
- Work out monthly income and outgoings
- Recognise priority bills, such as rent
- Identify and cut back on non-essentials
- Complete and maintain a budgeting plan
- Convert from a Post Office card accounts/Simple payments to more appropriate banking products, including a transactional bank account
- Set up or re-organise direct debits for prioritised payments.

8.3 The UC Support Team and Benefits Team Leaders are currently reviewing how UC claims are processed and will be putting guidance together for all processing staff. The guidance will clarify processes relating to the cessation of relevant Housing Benefit claims, processing Council Tax Support and allocating overpayments to the correct recovery method.

#### 8.4 **Preparation for North Kesteven Full Service**

Sleaford Jobcentre go live with Universal Credit Full Service on 14 November 2018.

Officers are reviewing the objectives and outcomes of the Universal Credit Support Team based at Lincoln, to ascertain whether the positive partnership working arrangements with Jobcentre Plus and internal processes that need to be and can be replicated at the Sleaford office.

The Welfare Reform and Project Lead met with the Jobcentre Sleaford Partnership Manager on 8<sup>th</sup> August to begin building a relationship with the Jobcentre and get to know the management and staff.

Sleaford Jobcentre staff will be visiting the Universal Credit Support Team in Lincoln to meet the members of the team, to be introduced to the processes and to see how Universal Credit is working for Lincoln residents.

A Sleaford based member of the Housing Benefit Team was appointed to the UC Support role from 15<sup>th</sup> October 2018 for 1 months training on digital and budgeting support.

The current Universal Credit Support Team are working closely with Housing and Communications teams to ensure the relationship is there to support customers and ensure the information is on hand, as well as the web team.

## 8.5 The UC Dashboard

The UC Dashboard has been updated with statistical information and provides, at a quick glance, key information relating to the teams outputs, along with regional and national updates as of the end of quarter two. This can be seen in **Appendix 1 (City of Lincoln)** and **Appendix 2 (North Kesteven)**.

## 9. Welfare Reform Strategy Action Plan

- 9.1 Progress with our shared service's 'high level' Welfare Reform Strategy Action Plan and Universal Credit Preparation Plan is to be monitored by Joint Committee, on a quarterly basis.

Updates on progress of both plans are provided at **Appendix 3** to this report. The action plan is fluid and flexible to respond to changes in welfare reform related priorities, changes and demands.

## 10. Excellence in Partnership Working

- 10.1 Our Revenues and Benefits Shared Service secured a prestigious national award in October 2018 – the Institute of Revenues Rating and Valuation (IRRV)'s 'Excellence in Partnership Working' accolade. Whilst the submission for this award did focus on the shared service as a whole, there was also a key section around our UC support work with local DWP and the 'flagship' service provided to our customers.

## 11. Strategic Priorities

- 11.1 **City of Lincoln: Let's drive economic growth and North Kesteven: Our economy and Our Community:** An understanding of Universal Credit and its wider

impacts on City of Lincoln residents and arrears levels is important when reducing poverty and driving economic growth across the City. The aim of Universal Credit is to provide a simplified means tested benefits system, with the objective of avoiding the poverty trap, where there is a disincentive to work longer hours because of the loss of benefits and higher taxes.

- 11.2 **City of Lincoln: Let's drive economic growth and North Kesteven: Our economy and Our Community:** - A key role in reducing inequality by ensuring residents receive the benefits they are entitled to and providing money / debt advice. There are strategic priorities when engaging with those in receipt of Welfare Benefits, Digital Inclusion, Channel Shift/ Customer Experience, Financial Inclusion and Partnership Working are all key priorities as part of this report.

**12. Organisational Impacts**

- 12.1 **Finance:** There could be significant financial implications to local authorities (for example, as landlords) as set out in previous updates of this report.
- 12.2 **Legal implications inc Procurement Rules:** There are no direct Legal or Procurement implications arising from this report.

**13. Risk Implications**

- 13.1 The Council bears the risk of any rent arrears which are not fully recovered.

**14. Recommendation**

- 14.1 Operational Board notes this report – and that an update will be presented at the next meeting of this Committee, on 9<sup>th</sup> February 2019.

**Key Decision** **No**

**Do the Exempt Information Categories Apply** No

**Call In and Urgency:** Is the decision one to which Rule 15 of the Scrutiny Procedure Rules apply? No

**Does the report contain Appendices?** Yes

**If Yes, how many Appendices?** Appendix 1: Universal Credit Dashboard – City of Lincoln  
Appendix 2: Universal Credit Dashboard – North Kesteven

**List of Background Papers:** Appendix 3: Welfare Reform Action Plan

**Lead Officer:** No

**Lead Officer:** Rob Kay, Welfare Reform and Projects Officer,  
Telephone 01522 873767

