

<b>SUBJECT:</b>	<b>WELFARE REFORM UPDATE</b>
<b>DIRECTORATE:</b>	<b>CHIEF EXECUTIVE AND TOWN CLERK</b>
<b>REPORT AUTHOR:</b>	<b>ROB KAY, WELFARE REFORM AND PROJECT OFFICER</b>

## 1. Purpose of Report

- 1.1 To update Members on Universal Credit and progress with our shared service's Welfare Reform Strategy Action Plan.

## 2. Executive Summary

- 2.1 Universal Credit in Lincoln and North Kesteven has been under the 'Live' Universal Credit scheme since 30<sup>th</sup> November 2015 and take up within the areas is still relatively low, mainly due to the specific client group identified for this first phase. However, a recent announcement by Department for Work and Pensions has set out a revised rollout schedule running to 2022 (rather than 2021) – with Lincoln Jobcentre and Sleaford Jobcentre moving to 'Full Service' Universal Credit from 7<sup>th</sup> March 2018 and 25<sup>th</sup> July 2018 respectively.
- 2.2 An update on progress with high level action plans for both Welfare Reform and Universal Credit is provided at Appendix 1 and 2 (Appendix 2 to be shown on screen at the meeting), as part of our shared service's Welfare Reform Strategy.

## 3. Universal Credit

- 3.1 Members will be aware that the initial rollout of Universal Credit (UC) in City of Lincoln and North Kesteven started from 30<sup>th</sup> November 2015, to single customers who would have otherwise been making a claim for Jobseekers Allowance. This stage of rollout is called '**Live Service**'
- 3.2 As anticipated, impacts in our districts has remained relatively low. The latest indicative statistics currently available from central government released 18<sup>th</sup> October 2017 show that as at 14<sup>th</sup> September 2017, there were 838 people receiving Universal Credit in Lincoln, and 374 in North Kesteven.

The table below shows the number of customers for each authority since the Live began on 30 November 2015: -

	City of Lincoln	North Kesteven
September 2017	838	374
August 2017	821	363
July 2017	811	368
June 2017	784	364
May 2017	771	372
April 2017	770	365
December 2016	639	326
September 2016	556	298
June 2016	419	214
March 2016	241	132
December 2015	22	7

Work is being undertaken to determine how many of these customers have Housing Costs and are Council tenants. This work forms part of the Universal Credit preparation plan which is detailed in Appendix 2 of this report.

- 3.3 In a national context, there were 609,896 Universal Credit claimants as of the same date – an increase from 585,382 households claiming UC as at 10<sup>th</sup> August – an increase of 24,514 over a 5 week period.
- 3.4 As of April 2016 all Jobcentres were taking UC customers under the ‘Live’ system. From May 2016 live service areas are transitioning to ‘Full service’ at the rate of 5 Jobcentres per month.
- 3.5 The Governments timetable for rolling out UC was originally based on an October 2013 start date. However, this timetable has been revised on a number of occasions – the latest timetable is shown below: -
- UC pilots – this started in a few jobcentres around Manchester and during 2013-2014 this pilot area gradually expanded to include the whole of the North-West England as well as 6 further pilot jobcentres which included Hammersmith, Inverness, Bath, Rugby, Harrogate and Shotton. In these pilot areas, eligibility was restricted to single and couple jobseekers
  - From February 2015 national rollout started, further pilot areas outside North-West England were included in the scheme. The rollout only affected new benefit claims by single jobseekers; all other people continue to claim the 6 existing legacy benefits.
  - During 2015 and into 2016, Live Service UC gradually rolled out across the whole of Great Britain for new claims by jobseekers (with City of Lincoln rollout starting on 30 November 2015). As a result of this, all new benefit claims by single jobseekers were for UC and not existing benefits and tax credits.

Since May 2016, the ‘**Full Service**’ rollout (known as digital service) has started to be introduced (nationally) and now includes couples and families with more complex claims. In July 2017, an updated schedule was issued to Local Authorities announcing a delay in rollout, with a new completion date for the next

stage of rollout (September 2018), with City of Lincoln moving to full service on 7 March 2018 and North Kesteven on 27 July 2018.

### 3.6 Differences Between Live and Full Service

City of Lincoln and North Kesteven are currently in 'Live Service'

The table below shows the differences between Live and Full service: -

	Live Service	Full Service
Rollout	Local Authority Split	Job Centre boundaries
Customer Base	All single job seekers (not in a full service area – see paragraph 3.1 for details) Couples and families with children	All claimant types
How the claim will be managed	By telephone	Online Universal Credit account. The account can be used to report changes, send messages to the work coach and find support
Transition to full service	Managed migration processed undertaken by the DWP The customer will be notified when this will happen and what they need to do at that time.	All new claims – customer will be asked for their postcode and where this falls in to a full service area, they will be treated as a full service customer.

From October 2017 full service rollout has increased 10 fold, meaning DWP are going to transition 50 Jobcentres per month, with a firebreak scheduled for January 2018 and full rollout completed by September 2018. Revised rollout timeline for Universal Credit. The key points from this announcement, being:

The timetable of full working age UC rollout has been extended by a further year – to 2022;

Lincolnshire sites rollout to Full Service on the following dates: -

- South Kesteven 18/10/2017 – Grantham JCP
- **City of Lincoln 07/03/2018 – Lincoln JCP**
- South Holland 25/04/2018 – Spalding JCP
- East Lindsey 16/05/2018 – Louth JCP
- West Lindsey 16/05/2018 – Gainsborough JCP

- Boston 22/05/2018 – Boston JCP
- **North Kesteven 25/07/2018 – Sleaford JCP**

A difference between Live roll out and full roll out is under live the roll out was by Local Authority split, full roll out is by Jobcentre split and as the boundaries are different this means there is a considerable overlap. E.g. North Hykeham, although under North Kesteven DC would have to make a UC claim from 07/03/2017 when Lincoln Jobcentre goes live.

Taking on board comments made by the Public Accounts Committee and the need to ensure there is contingency within the rollout plan, the migration phase of existing recipients of legacy benefits (which would include Housing Benefit) should begin in July 2019 and complete in March 2022.

Customers receiving UC under the live system will be invited to claim UC under full from 3 months after the jobcentre transfers.

Until 31 October 2018, if a customer is responsible for three or more children, they will generally not be able to claim universal credit but will still be able to make a new claim for tax credits and other benefits unless they -

1. have claimed universal credit in the previous 6 months and are able to make a re-claim for universal credit; or
2. are a single person and you were claiming universal credit with someone else as part of a couple and that claim ended in the last month

- Incorporating Housing Benefit for pensioners in Pension Credit will not be considered until completion of the Universal Credit timetable.
- Anyone living in Specified Accommodation (Supported accommodation where some of the rules that normally limit the amount of rent covered by a Housing Benefit award do not apply) will continue to be paid Housing Benefit, but claim Universal Credit for all other income.

3.7 If rollout continues as planned, within the next 12 months the working age Housing Benefit caseload will start to further decrease as people will have changes to their lives and trigger the migration. However, this transition will also require our shared service to deliver further support relating to digital inclusion and personal budgeting support. There is currently no published list of what counts as a change of circumstance to trigger a move from one of the existing benefits to Universal Credit but below is a guide of the changes likely to be included:

- If a customer's entitlement to the current benefit ends prompting a need to claim a new one, for example if they stop being entitled to Working Tax Credit because they lose their job (or regularly reduce their hours below the minimum number of hours they must work) or they stop being entitled to income-based Jobseekers' Allowance because they start working more than 16 hours a week.
- If a customer becomes entitled to a different or extra benefit, for example they are claiming income-based Jobseeker's Allowance and have a child so they would have become eligible for Child Tax Credit, or they separate from a partner and would have become eligible for help with their rent through

Housing Benefit.

- If a customer has a change in their relationship, for example if they move in with somebody already claiming Universal Credit they will claim Universal Credit together.

3.8 Work continues in terms of the Universal Credit action plan, in terms of digital inclusion, personal budgeting support, employment-related projects and partnership working internal/external.

#### **4. Welfare Reform from April 2017**

##### **4.1 Restrictions on Amounts for Children and Qualifying Young Persons**

The individual element of Child Tax Credit (CTC) is to be limited to a maximum of 2 children/qualifying young persons from 6 April 2017. People claiming CTC for more than 2 children or qualifying young persons who were born before 6 April 2017 will continue to be entitled to the individual element for each of those children or qualifying young persons.

The changes to limit support to no more than 2 children will apply to all new entitlements to HB arising on or after 6 April 2017, or where, in an existing HB case, a new child or young person becomes part of the family on or after that date and are not included in the claimant's CTC assessment.

The restriction only applies to the personal allowances for children/young people to be included in the applicable amount. Every child/young person in the household will continue to be relevant for the purposes of other elements of HB entitlement, such as determining the number of rooms a claimant is deemed to need and the award of premiums.

HB decision will follow the decision made on the CTC claim. Where a claim for CTC includes a third or subsequent child born after that date, HM Revenue & Customs (HMRC) will decide whether an exception to the limit should apply.

##### **4.2 Under Occupation (Spare Room Subsidy)**

An extra bedroom is already permitted under the size criteria where a disabled adult (a claimant or their partner) has a non-resident overnight carer and where a child is unable to share a bedroom due to their disabilities. The Court held that this difference in treatment between adults and children in the same circumstances could not be justified. The legislation is therefore being amended to replicate these rules to allow an extra bedroom when either a disabled child or disabled non-dependant adult reasonably requires overnight care from a non-resident carer, and to allow disabled adult couples an extra bedroom if their local authority determines that they cannot reasonably share as a result of a member of the couple's disability.

##### **4.3 Employment Support Allowance – Removal of Work Related Activity Group A4/2017**

From 3 April 2017, the ESA WRAG will not be available to new ESA claims.

Affected claimants found to have limited capability for work following the WCA (work capability assessment) will not receive an additional component. Where no WRAG is awarded in ESA, no equivalent component will be awarded in HB. This maintains the policy that the HB applicable amount should reflect the structure of ESA.

For ESA cases in the Support Group, a support component will be awarded, so treatment of such cases in HB will be the same as it is now.

#### **4.4 Bereavement Support Payment**

Bereavement Support Payment (BSP) is a new payment for people whose spouse or civil partner dies on or after 6 April 2017 and replaces all the existing social security benefits for the bereaved (Bereavement Allowance, Widow's Pension, Widowed Mother's Allowance, Widowed Parent's Allowance and Bereavement Payment).

#### **4.5 30 Hours Free Childcare**

All 3 and 4 year olds are entitled to 15 hours of free childcare over 38 weeks – a universal provision that is not affected by the circumstances of the parent or child, including their means.

The Childcare Bill proposes an extended entitlement of an additional 15 hours of free childcare for 38 weeks of the year but only for a "qualifying child of a working parent".

Parents must be working more than 16 hours and who each earn £100,000 or less."

### **5. Welfare Reform Strategy Action Plan**

- 5.1 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. An update on progress of both plans are provided at Appendix 1 and 2 to this report. The action plan is fluid and flexible to respond to changes in welfare reform related priorities, changes and demands.

### **6. Strategic Priorities**

- 6.1 Protecting the poorest people in Lincoln and North Kesteven: The Benefits Service has a key role in reducing poverty and disadvantage; by ensuring residents receive the benefits they are entitled to and providing money/debt advice.

### **7. Organisational Impacts**

- 7.1 Finance: UC customers will be paid direct Housing Costs, meaning Housing staff, for the first time will need to collect money from tenants who would have had their Housing Benefit paid direct to the rent account. This will increase workload and decreasing 'guaranteed' income.

The ability to collect overpayments from ongoing entitlement, meaning recovery staff have move accounts to chase to ensure payment.

Increased recovery work for collecting Council Tax due to the increased number of changes expected for Universal Credit customers – these could be monthly as and when income changes.

7.2 Legal Implications including Procurement Rules: There are no direct Legal or Procurement implications arising from this report.

## 8. Risk Implications

8.1 Reduced Welfare, delays in payment, rent increases, digital by default. This could result in potential hardship for residents and additional duties for staff.

8.2 Welfare reform changes will have impacts on households in the districts – regarding which the shared service will endeavour to proactively respond.

8.3 Due to ongoing rollout of Universal Credit, there is the potential that staff could choose to leave the service leaving key and important skills and resource gaps within the service.

## 9. Recommendations

9.1 That Members note the update provided in relation to Universal Credit.

9.2 That Members note progress with the Welfare Reform Strategy Action Plan and Universal Credit Preparation Plans.

9.3 To provide members with an update report on 27 February 2018.

**Is this a key decision?** Yes/No

**Do the exempt information categories apply?** Yes/No

**Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?** Yes/No

**How many appendices does the report contain?** Appendix 1: Welfare Reform Strategy Action Plan update

Appendix 2: Universal Credit Joint Preparation Plan  
(To be shown on screen at the meeting) –

**List of Background Papers:** None

**Lead Officer:** Rob Kay, Welfare Reform and Project Officer

