

SUBJECT: UNIVERSAL CREDIT UPDATE

DIRECTORATE: CHIEF EXECUTIVE

LEAD OFFICER: CLAIRE MOSES, REVENUES AND BENEFITS MANAGER

1. Purpose of Report

- 1.1 To provide Joint Committee with an update to the national and local position of Universal Credit.

2. Executive Summary

- 2.1 This report provides Joint Committee with an update on Universal Credit (UC) 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 Preparation – City of Lincoln, North Kesteven and Shared Service Preparation
 - Autumn Statement
 - Impact on the Councils income (Rent, Council Tax and Overpayments)
 - GIS Mapping
 - Universal Support Team
 - Background Papers

4. National Progress

- 4.1 As Full Service roll-out progresses, the number and range of people claiming UC is likely to grow quickly. As of 16th January 2018, there are 235 jobcentres running the Full Service and roll out to be completed by December 2018.
- 4.2 Latest figures published by the Department for Work and Pensions were released on 24th January 2018, up to 14th December 2017.
- Total number of claims has now reached 1.7 million
 - 700,000 households receiving UC as of 14th December – this is a 6% increase from the previous month
 - 300,000 (42%) were in employment.

- 4.3 It is expected the managed payment figures will increase as the roll-out to Full Service gain 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.
- 4.4 There will be two phases as part of the migration process – natural and managed migration. For those customers currently in receipt of Universal Credit under the Live Service, they will be expected to make a new claim – this is because there is no IT migration and the existing UC claim information cannot be migrated onto the new Full Service IT platform. This will cause a delay in payments for these customers. As part of the UC Preparation plan (**Appendix 1**), these customers will be identified and new claim support will be offered.

5. Full Service – City of Lincoln, North Kesteven and Shared Service Preparation

- 5.1 The Revenues and Benefits Shared Service have worked with DWP, Jobcentre Plus, Customer Services, Housing and Communications colleagues to devise a Full Service preparation action plan. This is shown in **Appendix 1** of this report.
- 5.2 The action plan provides details regarding all activities required to ensure the shared service, associated teams and customers are prepared for Full Service roll-out. The plan includes key information such as the action required and how it will be achieved, the lead officer and links to the strategic plans and associated policies.
- 5.3 To ensure the activities within the action plan are undertaken, joint monthly planning meetings are taking place, with these being chaired by either the Head of Shared Revenues and Benefits or Revenues and Benefits Manager, but with much of the updates being provided by the Shared Service Welfare Reform and Project Officer. The meetings include representatives from the Shared Service, City of Lincoln, North Kesteven, Jobcentre Plus and DWP. Reviewing of the action plan is a key.

6. Autumn Statement

- 6.1 In advance of the Autumn Budget on 22 November, there had been calls on the Government to 'review and relaunch' the UC system.
- 6.2 Over recent months, a number of research reports have been published, one of which being the joint report of Association of Retained Council Housing (ARCH) and National Federation of ALMOs (NFA) – 'Pause for Thought'. The report was based on responses from 42 landlords managing 563,985 homes. The recommendations within the report were: -
- End the 7 day waiting period for new UC claims
 - Slow down the roll-out process until the procedural issues with the current system have been resolved

- Create a transitional funding pot for social landlords to enable them to effectively manage the roll-out of UC and to adequately support vulnerable tenants
 - Improve the digital engagement for Full Service
 - Improve the process of UC for both claimants and landlords including integrating the learning from the live service
- 6.3 On 18 October 2017, prior to an opposition day debate on UC, called by the Labour party, the announcement was made that the helpline charges would be abolished by the end of the year.
- 6.4 Recent discussions have focussed on the number of **Advance Payments** which are being made, with the DWP stating just under half of all new claimants receive an advance and this proportion is increasing, with 71% of advances awarded to new claims. Advance payments are: -
- Paid to those who need financial help during the transition to UC (to 'fill the gap' between the date of the claim being made and the first payment)
 - Paid to new claims and those with changes in circumstances
 - Will include the Housing Cost element
 - Repayable loans (interest free), contributing to increasing debt
 - Claimants can apply for an advance of benefit subject to satisfying the eligibility criteria. The details of this criteria are unknown to Local Authority staff
 - Awards are usually for 50% of the monthly UC entitlement so claimants are getting in to debt at the very beginning
 - To be repaid over an agreed period, which, for new claims is usually 6 months and 12 months for changes, by direct deduction from ongoing payments of UC

Officers understand customers may not be aware of the availability of advance payments, nor could they be aware that the payments are 'loans' and are repayable. As part of the UC Preparation plan, officers will ensure customers are aware of advance payments, and giving support in ensuring applications are made and customers understand the conditions of repayment.

- 6.5 There has been much discussion with regards to the length of time for UC to be paid, in respect of the **6 week waiting period**. Currently, 96% of claims received some payment 'on time'. On time means after the in-built initial six weeks delay (7 day waiting period and first monthly assessment period). The six week period replicates the 7 waiting days for Job Seekers Allowance, and allows DWP to review the last month's income before a payment is made.
- 6.6 On 22 November 2017, the following were announced as part of the Autumn Statement in relation to the above: -
- Universal Credit ensures work always pays, and it is working – more people are moving into work within 6 months under Universal Credit than in the legacy system. The government is committed to ensuring Universal Credit

supports people in work, which is why at Autumn Statement 2016 the government reduced the Universal Credit taper rate. The taper rate will be kept under review and the government will continue to consider the case for further changes.

- The government will provide more support to Universal Credit claimants:
 - from January 2018 those who need it, and who have an underlying entitlement to Universal Credit, will be able to access up to a month's worth of Universal Credit within five days via an interest-free advance. The government will extend the period of recovery from six months to twelve months, making it easier for claimants to manage their finances. New claimants in December will be able to receive an advance of 50% of their monthly entitlement at the beginning of their claim and a second advance to take it up to 100% in the new year, before their first payment date
Action to be taken: Welfare Reform and Project Officer to speak with local jobcentre lead to ascertain how the customers will be identified for underlying entitlement
 - from February 2018 abolish the 7 waiting day period to reduce the wait for payment from 6 weeks to 5 from February 2018
 - from February 2018 the government will remove the seven-day waiting period so that entitlement to Universal Credit starts on the first day of application
Action to be taken: UC Preparation Plan to be updated and staff to be made aware
 - from April 2018 those already on Housing Benefit will continue to receive their award for the first two weeks of their Universal Credit claim
Action to be taken: UC Preparation Plan to be updated and staff to be made aware
 - extending the repayment of advances from 6 to 12 months, and allowing people to received 100% of their payment upfront from January 2018 (people who make a claim in December can get 50% advance, and then in January can as for a top up to 100%)
 - making it possible for people to apply for advances online from Spring 2018, making it even easier for a claimant to access an advance if they need it
 - the government will also make it easier for claimants to have the housing element of their award paid directly to their landlord
Action to be taken: Welfare Reform and Project Officer to speak with local jobcentre lead to see what will be put into place for this to be made "easier". UC Preparation Plan to be updated as required

- To allow all the policy changes (mentioned above) to be implemented, we will be closing the Universal Credit live service to new claims from 31 December 2017, this means that unless claimants are living in a Universal Credit full service area, new claimants will be asked to claim legacy benefits or tax credits. Those already on the Universal Credit live service will remain unaffected until they transition to Universal Credit full service once it has been rolled out in their area.
- To support these changes the government will roll out Universal Credit more gradually between February 2018 and April 2018, and roll-out to all jobcentres will be complete in December 2018.

Action to be taken: Further announcement on 23 November has been made and a new transition for roll-out has confirmed City of Lincoln jobcentre will continue to roll-out on 7 March 2017 (North Kesteven has been moved back from July 2018 to November 2018). However there are a number of North Kesteven post codes which will migrate over to Full Service between 7 March 2018 and November 2018. These are shown in the table below: -

Post Code	Full Service date
LN3 5, LN4 1, LN4 2, LN5 0, LN5 9, LN6 3, LN6 4, LN6 5, LN6 8, LN6 9	07/03/2018
NG23 7	09/05/2018
PE20 3	12/09/2018
LN10 6, LN4 3, LN4 4, NG32 3, NG34 0, NG34 4, NG34 7, NG34 8, NG34 9	14/11/2018

- Universal Credit also offers new opportunities to support people in low-paid work to progress in the labour market. The Budget allocates £8 million to trial innovative approaches to help individuals on Universal Credit to earn more.

Action to be taken: Officers will update the UC preparation plan and the Revenues and Benefits Management team will continue to be aware of the approaches and how officers can be involved in providing the support.

7. Impact on the Councils income – Rent, Council Tax and Overpayments

- 7.1 The Welfare Reform and Project Officer has been working with City of Lincoln Housing and Council Tax colleagues to monitor the impact UC claims are currently having on rent and council tax arrears.
- 7.2 As a result of this work, officers are able to track a variety of information, which shows whether rent / council tax arrears have increased or decreased since the customer moved on to UC.

- 7.3 The data shows, that of the 138 City of Lincoln tenants in receipt of UC, 60 of them have had an increase in their arrears, totalling £15,811 – this is an average increase of £268 per tenant.
- 7.4 Officers have started to review these cases with one from each group being chosen as a case study – to identify where there are differences and why some customer’s arrears have increased, whilst others have decreased.
- 7.5 As the number of North Kesteven tenants in receipt of UC is so few, this has not yet been undertaken for North Kesteven. However, in preparation for some NK post codes going to Full Service from 7 March, this work will be replicated for North Kesteven tenants and figures will be provided at the next meeting of this Committee.

8. GIS Mapping

- 8.1 Officers used the information detailed in this report to undertake GIS mapping as part of City of Lincoln strategic objectives. This has enabled the group to visually see the customer numbers and location relating to legacy benefit payments, Council Tax Support payments and UC payments. Officers are currently working with the GIS team to overlay this information with the rent / council tax arrears. Further to paragraph 7.5, equivalent work is to be carried out for North Kesteven.

9. Universal Support Team

- 9.1 Although the Shared Service has a robust preparation plan in place for the work to be undertaken in readiness for Full Service, it is also important to plan ahead further too, to ensure there is support for those customers once Full Service is live, during the claim making process and during a live claim.
- 9.2 Local authorities will be impacted with a great volume and wider range of claimant types and groups claiming UC. Although this will result in fewer new claims being received for housing benefit, it will increase the number of claimants requiring advice and support. Local Authorities will also be required to handle and manage the transition period until the roll-out is completed, which is currently schedule for mid-2022. During this period, legacy benefits will overlap with the receipt of UC and existing Housing Benefit claims will continue until they are transferred. Housing Benefit claims will continue for pensioner claims, claimants living in supported accommodation, claimants with three or more children, Council tax Support claims, Discretionary Housing Payments, appeals and much more as detailed in **Appendix 2**.
- 9.3 In mitigating any adverse impact on those claimants moving from legacy benefits to UC, there needs to be provision for advice, support and assistance for those customers. Currently, the DWP state the work coach is able to provide this support to customers, however, the current ratio of claimant to work coach is 1 work coach to 140 claimants. Work coaches are also allocated just 10 minutes to spend with their claimant.

9.4 It is proposed the staffing requirements for supporting those customers, and protecting the Council's income is considered as follows: -

- Identify staff resource requirements and availability
- Review job responsibilities
- Pilot a range of trials to determine the best way forward to deliver support relating to UC as well as the range of other functions within the service
- Identify new staff training requirements
- Provide / arrange for provision of required staff training
- Identify knock-on effects on other services
- Depending on outcomes of trials/ pilots, - this may then require a review of staffing structures, grades and management/supervision arrangements.

9.5 On 28 November 2017, Officers presented a UC Update report to Lincoln Corporate Management Team (CMT), where it was proposed to introduce a Universal Support Team, led by the Welfare Reform and Project officer, and made up of existing officers within the Revenues & Benefits, Housing and Customer Services teams, to support those customers affected by the changes. It is important the team is inclusive of officers from these departments, as UC is for in and out of work customers, who are City of Lincoln tenants, private tenants and homeowners.

9.6 City of Lincoln CMT agreed to the proposal on a 'test and learn' basis with a review date of July 2018. As a result of this, an Expression Of Interest (**Appendix 3**) was issued to all Benefits Officers within the Shared Service, introducing them to the role and inviting informal applications. The Expression of Interest was open from Wednesday 17 January to Wednesday 24 January 2018. On 5 February, two staff were successfully appointed to the UC Support Team and will begin the role from 12 February 2018.

It is recognised that any arrangement, at least for the first year of UC Full Service, will need to be 'fluid' to react to changing priorities and demands, and to establish the most effective way of working in a live environment. The proposed responsibilities of this team are shown in **Appendix 4**.

9.7 At the core of the Universal Support Team is the Benefits Service. The Benefits Service has access to the financial information and the expertise within the team to provide the support required – both to customers and to other members of the team.

10. Background Papers

10.1 There are a number of background papers which have been published since the roll-out of Full Service. The papers have provided various information on the impacts of UC for customers, Councils, Landlords and advice / support services. The reports have been published with input from the above groups – nationally and locally, along with responses from DWP.

- 10.2 Officers understand the importance of keeping up to date with publications – reviewing the information and applying best practice to maximise awareness and understanding.

11. Significant Policy Impacts

11.1 Strategic Priorities

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 residents and arrears levels is important when reducing poverty and driving economic growth across the districts. 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.

City of Lincoln: Let's drive economic growth and North Kesteven: Our economy and Our Community: - The authorities play a key role in reducing poverty and disadvantage 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, Financial Inclusion and Partnership Working are all key priorities as part of this report.

11.2 Organisational Impacts

Finance: There could be significant financial implications, in relation to matters such as potential increases in Council rent arrears for both local authorities.

- 11.3 **Legal implications inc Procurement Rules:** There are no direct Legal or Procurement implications arising from this report

11.4 Staffing

Ring fenced Expression Of Interest for Benefits Officers to be part of the UC Team project.

Relevant staff to be made aware of any agreed actions from the report relating to the formation of a Universal Credit Full Service preparation group, along with roles and responsibilities of said group.

Ongoing review of roles to ensure adaptation of officers' skills through the transition of UC for working-age customers.

12. Risk Implications

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

13. Recommendation

13.1 Joint Committee notes this report, and that future updates in relation to Universal Credit are to be provided as part of the regular 'Welfare Reform Update' reports.

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 – UC Preparation Plan (this will be available on full screen at the meeting)
Appendix 2 – Impact on Workload
Appendix 3 – Universal Support Team responsibilities ('Expressions of Interest' advertisement)
Appendix 4 – Universal Support Team – range of services provided

List of Background Papers: No

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