

SUBJECT:	WELFARE REFORM AND UNIVERSAL CREDIT UPDATE
DIRECTORATE:	CHIEF EXECUTIVE AND TOWN CLERK
LEAD OFFICER:	ROB KAY, WELFARE REFORM AND PROJECTS OFFICER

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 Preparation – City of Lincoln, North Kesteven and Shared Service Preparation
 - 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 15th May 2018, there are 274 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 15th May 2018, with statistics relevant to the period up to 12th April 2018.
- Total number of claims has now reached 2 million
 - 870,000 households receiving UC – this is a 7% increase from the previous month
 - 320,000 (36%) 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

5.1 Housing Benefit transitional payment

The Autumn Budget 2017 introduced a Housing Benefit transitional payment for Universal Credit claimants from 11th April 2018. This means that from this date, customers who have been receiving Housing Benefit immediately prior to claiming Universal Credit will receive an unrecoverable transitional payment of two weeks.

This is for natural migration customers only (i.e. not for the future 'managed migration' of legacy benefits'.

5.2 New claims for temporary accommodation

From 11th April, the housing cost element of Universal Credit will not be available to customers making a new claim for their housing costs whilst living in temporary accommodation. Affected claimants will now be able to claim Housing Benefit for support with their temporary accommodation, whilst receiving the personal element of Universal Credit in the same manner that exists with other accommodation.

Customers who already receive the housing cost element of Universal Credit for temporary accommodation will continue to do so until there is any change to the amount of rent they pay for their accommodation. At this point, the housing cost element of Universal Credit will cease, and the claimant will be required to claim Housing Benefit for ongoing support with housing costs.

5.3 Support for 18 to 21 year olds claiming Universal Credit

Ministers have reversed a 2014 move stopping individuals under the age of 21 automatically being entitled to Universal Credit housing costs.

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's 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. Impact on the Councils income – Rent

6.1 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.

6.2 The data shows that of the 183 City of Lincoln tenants in receipt of UC, as of 30th April

2018, 101 of them have had an increase in their arrears, totalling £41,327.

- 6.3 The same information is being gathered for North Kesteven tenants and a verbal update will be provided at the meeting of this committee on 12th June 2018.

7. Universal Support Team

- 7.1 An advertisement for the Universal Credit Support Team was sent as an expression of interest ring-fenced to Housing Benefit Officers for two to join the Welfare Reform and Projects Officer in a team to deliver ADS/PBS (Assisted Digital Support and Personal Budgeting Support).
- 7.2 The two successful candidates began 12th Feb 2018 to undertake training ready for go live on 7th March 2018.
- 7.3 The team is currently on a rota to be 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.
- 7.4 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.

7.5 The UC Support Team is also responsible for the training of Benefits Officers in Universal Credit and also ceasing of relevant Housing Benefit claims, processing Council Tax Support, allocating overpayments to the correct recovery method, as well as several briefings for other departments as well as external partners including the DWP.

7.6 The UC Team have produced a 'dashboard' of statistical information which is updated each fortnight and provides, at a quick glance, key information relating to the teams outputs, along with regional and national updates. This can be seen in **Appendix 1 (City of Lincoln)** and **Appendix 2 (North Kesteven)**, and is also detailed below: --

3 April to 31 May 2018

During this period, the UC Support Team have supported: -

	Assisted Digital Support (ADS)	Personal Budgeting Support (PBS)	ADS/PBS Combination
City of Lincoln	123	25	54
North Kesteven	13	6	8

The average time to undertake an ADS/PBS is 40 minutes.

The average age of the customer requiring support is 40.

Assisted Digital Support Provided for all shared service UC customers as at 31

May 2018

Type of Support	Number of customers supported
New claim UC	135
Council Tax Support	45
Change of circumstances for UC	18
Password	12
Email	48
Updating journal	25
Logging in	7
Uploading	4
Booking interview	68
Collecting documents	3

Personal Budgeting Support Provided for all shared service UC customers as at 31 May 2018

Type of Support	Number of customers supported
Advance payment	45
DHP	36
Direct Debits	16
Income and Expenditure (budgeting)	23
Debt referral	6
Other benefits	7
Alternative Payment Arrangement	23
Council Tax Support arrears	3
Housing Solution referrals	6
UC Calculation	12
Food voucher	5
Referral other depts.	24
Bank account	5
Attending interview with customer	1

Universal Credit information documents

- 2,891 UC documents have been received from the period 1 April to 31 May 2018.

8. Welfare Reform from April 2018

8.1 There have been a number of Welfare Reforms since April 2018, which are detailed below.

8.2 Support for Mortgage Interest (SMI) payments

From 6 April 2018, Support for Mortgage Interest will no longer exist as a benefit for new or existing claimants. Claimants will instead be invited to apply for a loan if they want to continue to be supported. Loans will be repaid upon the sale of a claimant's house; or on a claimant's return to work if the borrower can afford it.

8.3 **Employer Childcare Vouchers will no longer be available to new claimants**

New claims for Employer Supported Childcare (Childcare Vouchers) will not be accepted from April 2018. Existing claims will continue until the child is 15 years old (or 16 years old if disabled) or the claimant starts claiming under another scheme (Childcare element of Working Tax Credit, Childcare element of Universal Credit or Tax Free Childcare), whichever is earliest.

8.4 **Self-Employed National Insurance Contributions change**

The government announced in the Budget 2016 that from April 2018, self-employed people will no longer pay Class 2 National Insurance Contributions, which currently count towards entitlement to contributory benefits such as New State Pension. Clarification is awaited regarding how Class 4 National Insurance Contributions will count towards contributory benefit entitlement.

The proposed increase in the rate of Class 4 National Insurance Contributions announced by the Chancellor in the Spring Budget 2017 has now been reversed. There will be no increases to Class 4 National Insurance Contributions during the current Parliament.

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.

An update 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. **Strategic Priorities**

- 10.1 **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.
- 10.2 **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.

11. Organisational Impacts

- 11.1 **Finance:** There could be significant financial implications to City of Lincoln Council as set out in previous updates of this report.
- 11.2 **Legal implications inc Procurement Rules:** There are no direct Legal or Procurement implications arising from this report.

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 an update will be presented at the next meeting of this Committee, on 4th September 2018.

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
Appendix 3: Welfare Reform Action Plan
No

List of Background Papers:

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