

Meeting: Housing Sub Committee

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Title: Update on the roll out of Universal Credit Full Service

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Service: Finance

Wards affected: All

1. Purpose of Report

1.1 This note provides an update on the roll out of Universal Credit (UC). North Tyneside went UC 'Live Service' from November 2015 which allows only single claimants who would have normally made a new claim for JSA to access it. From February 2018 we will move to UC 'Full Service' where the customer group is expanded to include virtually all working age claimants including couples and families and numbers of claimants will significantly increase.

2. Recommendations

2.1 Housing Sub Committee to note contents of this report and accompanying Communication Plan.

3. Details

3.1 Universal Credit is administered by the Department for Work and Pensions (DWP); it replaces five current working age state benefits:

- Housing Benefit (HB)
- Income Support (IS)
- Employment and Support Allowance (ESA)
- Job Seekers Allowance (JSA)
- Tax Credits (both Child Tax Credit (CTC) and Working Tax Credit (WTC))

3.2 Universal Credit is part of the Governments wider Welfare Reforms, the reforms were aimed at reducing complexity, expenditure and to focus on what people can do rather than what they can't do.

3.3 UC simplifies both out of work and in work support into one benefit operated by one organisation the Department for Work and Pensions (DWP). Currently there are three organisations involved with supporting claimants with the above benefits (DWP administer JSA, IS and ESA, Tax Credits are administered by HMRC and Local Authorities administer HB).

UC allows claimants to move from out of work to in work and remain on the one state benefit; only the amount they receive fluctuates. UC entitlement is based on the income

received in the previous month, which for some claimants may mean that UC entitlement changes each month if their wages change from month to month.

- 3.4 UC is paid calendar monthly in arrears and direct to the claimant including any entitlement to Housing Costs. Claimants will generally wait 6 weeks before the first payment is made, although this can be longer.
- 3.5 Alternative Payment Arrangements (APA's) can be put in place in certain circumstances which allows the Housing Costs element of UC to be paid direct to the landlord or the UC payment to the claimant made on a weekly/fortnightly basis rather than a calendar month. Advance Payment of the first payment can be arranged with repayment of this amount to be made over a six month period. .
- 3.6 We have in the region of 2000 people claiming UC in North Tyneside, as only the simplest of claims are currently paid UC in our area. Any claims with a complexity such as responsibility for children or those with a disability are excluded from claiming under UC Live Service.
- 3.7 Nationally statistics show that over 90% make their claim online with 50% claiming by smart phone or tablet. Under 'Live Service' once the UC claim is made, changes in circumstances are then notified via the telephone.
- 3.8 From February 2018 under UC 'Full Service' the gateway criteria which exclude the majority of complex cases from claiming UC is removed allowing virtually all working age claimants to be able to make new claims to UC, although temporary accommodation claimants may be excluded from UC. Legacy benefits including HB which UC replaces will no longer be available to the majority of new claimants although those already in receipt of a legacy benefit will only move to UC through a natural migration or a managed migration process:
- Natural Migration – where a legacy benefit claimant has a change of circumstances that would previously have led to a new claim for another benefit (i.e. ESA claimant found fit for work, JSA claimant goes sick or Tax Credit claimant ceases work) the claimant will instead claim UC.
 - Managed Migration – at end of Transition period (some point in 2019) plans will be put in place to migrate residual legacy claimants to UC.

DWP have not yet released their schedule or plan on how the Managed Migration will be carried out.

3.9 Making a claim for Universal Credit in Full Service

Under Full Service, UC claimants must set up an on line account from which to submit a claim for UC and then use this account to manage their claim on an ongoing basis. They will need an email address to initially set up this account, and use the UC account to notify changes in circumstances, check payments, send and receive messages with their work coach and log their activity in seeking employment.

There is a helpline available if claimants need support which is available Monday to Friday 8am to 6pm, but LA's are expected to put additional local support in place to help people manage this new task.

There are expectations that claimants will spend 35 hours per week looking for or preparing for work and the details of how they have spent their time on these tasks will be recorded on their UC account. Obligations around finding and preparing for work are agreed through a

Claimant Commitment. Each Claimant Commitment is individual and is a joint agreement with both the claimant and Job Centre Work Coach around what the claimant is able to do to find work taking into account their circumstances. Even those who are employed part time are generally expected to look for further work if this is appropriate to the individual.

3.10 Supporting residents to manage this change

DWP recognise that UC will be a challenge for many residents and they will need support both with making claims and managing monthly payments.

Small amounts of funding have been provided to North Tyneside Council and its partners for Live Service to provide Personal Budgeting Support (PBS) and Assisted Digital Support (ADS). DWP figures for claimants requiring help in Full Service significantly increase and although additional funding has been made available in recognition of this, it may not be sufficient to fully cover actual costs involved in providing this support. DWP have advised that should actual numbers differ from estimated numbers between 5% and 20% funding will be adjusted (either negatively or positively) to take this difference into account.

Table 1 – PBS and ADS funding proposed for 2017/2018.

Support	Period covered	Volume	Payment	DWP estimate of support time per case
ADS	April to Jan 2018 (Live Service)	139	£3,597	1 hour
ADS	Feb to Mar 2018 (Full Service)	274	£11,966	1 hr 42mins
PBS	April to Jan 2018 (Live Service)	84	£4,293	2 hours
PBS	Feb to Mar 2018 (Full Service)	288	£14,534	2 hours
	Total		£34,390	

3.11 Under current Live Service CAB deliver PBS and the Education to Employment Team deliver ADS and this will continue throughout 2017/18 and potentially into 2018/19, but with an understanding that due to volumes involved the service model for Full Service may be different to what is offered under Live Service.

3.12 In addition to the funding in Table 1, DWP are providing a further £45,173 for other costs associated with the roll out of UC. Some of this is paid direct to ENGIE as part of additional burdens they incur, through UC roll out and the remainder is retained by the council for project support work.

3.13 Impacts

UC has received considerable criticism nationally around a number of elements, including the delay in the first payment and claimants then being paid monthly in arrears, both of which are creating issues with claimants falling behind with their rent and suffering financial hardship. This is creating a greater demand for assistance from the Council's Local Welfare Provision and the Community and Voluntary Sector. The Thrussell trust who operate food banks across the country has reported a 17% increase in the use of food banks in areas of Full UC, and suggests that the effect of the 6 week plus waiting period for the first payment can lead to wider issues such as debt and mental health issues on top of arrears and eviction.

3.14 The delay in payments and the inclusion of Housing Costs within the UC payment has led to an increase in arrears, creating more administration demand on the Housing Service and more signposting to support to help with budgeting. As at 4 September 2017 we have 250 council tenants that are claiming UC and of these 211 (84%) are in arrears with the

average arrears per tenant at £643 compared to £357 which is the average arrears of a tenant not on UC.

There have been some issues around lack of notifications of tenants claiming UC but we are working with DWP to improve this so we can support people from an earlier date.

3.15 Planning for Full Service roll out

A working group has been established with officers from North Tyneside (various service areas), ENGIE, the Community and Voluntary Sector and DWP who meet monthly to plan UC implementation and how we will support residents. Support for PBS and ADS will be developed over the coming months and DWP and LA Officers will be providing training and awareness sessions from late September onwards to members, staff and partners, to ensure that knowledge is shared about UC and what support is available to residents.

Updates from this working group are provided to the Mayors Task Group on Welfare Reform on a bi monthly basis.

3.16 The financial impacts of Full Service UC

- HB administration Grant

We will receive £869,964 for 2017/18 from DWP to administer HB (reduced from £950,000 in 2016/17). This is paid to ENGIE as part of the Unitary Charge (commercial arrangement) to deliver the overall HB administration for both working age and pensionable age claimants.

This grant will continue to reduce going forward as there will be virtually no new claims for working age claimants from February 2018 and the current working age claimant caseload will reduce as natural migration will move people from HB to UC. The current caseload of working age claimants is 10,993 with 3,719 new claims from working age claimants made in the year 2016/17.

DWP have not provided any detail on the reduction of the administration grant but Newcastle Council who went Full Service in May 2016 with one Jobcentre then February/March 2017 with the remaining two Job Centres has seen the following changes in both grant and workload:

- 18% reduction in their HB admin grant from 2016/17 to 2017/18
- 10% reduction in working age caseload in 2016/17 compared to 2015/16
- 24% reduction in the number of new claims received in 2016/17 for working age claimants compared to 2015/16

We have discussed this report with the Senior Leadership Team and Lead Members of the Council. We have an extensive communications plan to raise awareness with residents, our staff, partners and Council Members.

A copy of our current communication plan has been issued to accompany this briefing note and we would welcome thoughts from Housing Sub Committee.