

# **Chichester District Council**

## **Overview and Scrutiny Committee**

**September 2019**

### **Universal Credit Review**

#### **1. Contacts**

##### **Report Author**

Marlene Rogers – Revenues Business Support Manager  
Telephone: 01243 534644 E-mail: [mrogers@chichester.gov.uk](mailto:mrogers@chichester.gov.uk)

#### **2. Recommendation**

**2.1 This report aims to give an overview of the impact of Universal Credit and recommends the following;**

- (a) That the impacts of Universal Credit continue to be monitored to inform service delivery of Revenues, Housing and Communities.
- (b) That officers continue to consider how adverse effects can be mitigated by the provision of Council Services and partnership working.
- (c) That relevant Council policies be reviewed to ensure that they support those that are vulnerable to welfare reform.

#### **3. Background**

The Welfare Reform Act of 2012 introduced Universal Credit (UC) in April 2013 and this new benefit combined six legacy benefits into one payment. It was aimed at simplifying and streamlining the benefits system, improving work incentives, tackling poverty among low income families and reducing the scope for fraud and error. It is a benefit administered by the Department for Work and Pensions (DWP). It was envisaged that UC would be fully introduced by 2017, but the roll out timetable has been pushed back several times. Following early problems the entire programme was reset in 2013. In 2016 the DWP began full service roll out, however, this was slowed following emerging evidence of problems. In the Chichester District full service roll out was timetabled for April 2018, this was delayed and full service roll out commenced from July 2018. This report aims to review the impact of full service roll out a year on, in terms of its impact on Council Services and communities.

#### **4. Outcomes to be Achieved**

To review the impact of UC roll out a year after full service commenced across the District. To consider whether monitoring of this reform on an ongoing basis adds value and what form this monitoring should take and by whom.

#### **5. Report findings**

- 5.1 Various stakeholders were contacted to contribute to this report, with varying degrees of success. The aim of UC is to combine six legacy benefits into one

monthly payment to simplify the benefits system and to make the transition in and out of work easier. UC statistics published by the DWP in May 2019 show the following key facts;

- The number of people on UC as at 11<sup>th</sup> April 2019 was just under 2 million.
- This represents 1.6 million households.
- Of these 650,000 or 33% were in employment.
- The average household payment of UC is £660 per month.
- 95% of UC is paid in full and on time. Of the households on UC in February 2019 98% that were paid received some payment on time, compared to 96% in February 2018.
- Payment rates for new claims are lower. In February 2019 86% received full payment on time, compared to 78% in February 2018.

- 5.2 These figures show that in the majority of cases the journey into UC is a positive one. However the minority of cases that experience issues impact on individuals, Council Services and services provided by key stakeholders. This report aims to highlight those issues and recommends that impacts continue to be monitored, to inform future service delivery of council services, particularly those that support vulnerable individuals and households across the District.

## 6.1 Universal Credit Time Line

January 2011	Welfare Reform Bill published
December 2012	Final Regulations laid
April 2013	First UC pathfinders launched
October 2013	Roll out starts across the country – limited to single jobseekers without housing costs.
June 2014	Gateway conditions introduced
November 2014 to May 2016	Introduction of digital service. The reset in roll out that happened in February 2013 allowed a dual roll out, the roll out of live service alongside digital roll out.
May 2016	Digital Service is renamed full live service and is rolled out across the country. Claimants on live service transferred across shortly after.
Autumn Statement 2017	<ul style="list-style-type: none"> <li>• Abolition of the 7 day waiting period.</li> <li>• Increase in advance payments from 50% of estimated entitlement to 100%</li> <li>• Making it easier to apply for an advance payment</li> <li>• Increasing the recovery schedule for recovery of an advance from 6 to 12 months</li> <li>• UC claimants in receipt of HB will receive an extended payment of HB to ease the transition into UC. The customer will not need to pay this back.</li> <li>• Alternative Payment Arrangements (APA) a simpler process for Landlords to apply for the housing element to be paid direct (where the claimant is in arrears).</li> </ul>
April 2018	Removal of temporary accommodation from UC

## 6.2 Housing Benefit

- 6.2.1 Housing Benefit (HB) is one of the legacy benefits that UC replaces. From July 2018 the gateway for new housing benefit claims closed (with some exceptions). From this date UC (to include housing costs) should be claimed instead. The Revenues Division has been aware of this change since 2013, and has continued to deliver housing benefit through the various gateway changes and delays since this date. Up until 2018 there was minimal change in terms of HB caseload, however drop off has accelerated since the introduction of full live service across the District in July 2018.

<b>HB Caseload as at 31<sup>st</sup> March</b>	<b>Working Age</b>	<b>Pensioner</b>	<b>TOTAL</b>
2011	4262	2235	6497
2012	4398	2262	6660
2013	4584	2280	6864
2014	4559	2256	6815
2015	4372	2229	6601
2016	4339	2232	6571
2017	4150	2231	6381
2018	4015	2207	6222
2019	3221	2151	5372

- 6.2.2 The table shows HB caseload since 2011. At the 31<sup>st</sup> March 2019 HB caseload had reduced by 13.66%. Split by case type there has been a reduction of 19.8% in working age claims and a 2.5% reduction in pension age claims. The gateway is only closed for new claims. Those claimants currently in receipt of housing benefit will remain entitled to this benefit until they have a change in their circumstances that requires them to make a new claim, at which point they will be required to make a new claim for UC. Therefore the continued rate of drop off is hard to predict. Managed migration, the process that seeks to transfer existing claimants of legacy benefits across to UC, is currently being piloted in Harrogate. Findings will be taken to Parliament early in the New Year and this will inform the future managed migration programme. However natural migration will continue in the interim, with some speculating that by the time a managed migration programme is finalised that the volume of cases to manage will be significantly less because of the effect of natural migration.
- 6.2.3 There has been no change at present to the staffing levels in benefits, however this will be something that requires future consideration, depending on the future of UC and HB. One of the impacts of UC has been the retention and recruitment of skilled benefit staff, therefore this is not a decision that should be made without adequate planning. The claims that remain on housing benefit and local Council Tax Reduction CTR also need to be factored into these decisions.

- 6.2.4 The complexities of the easements introduced to UC and the changes to the gateway for certain groups mean that over the past year the team have spent some time dealing with customers to explain the changes, this is difficult to quantify. This has been particularly problematic in cases where the circumstances of the household are unusual or complex and where there is some underlying vulnerability. Communication with the DWP for these customers can be troublesome as they are reliant on the customer having a good understanding of the benefits rules.
- 6.2.5 Although the easements made in the Autumn Statement of 2018 make UC more generous than before, by comparison to legacy benefits for some households there is still a loss of income in real terms. The Institute of Fiscal studies published a report in April 2019 this details the groups most adversely affected by the introduction of UC. In summary those with financial assets (owner occupiers), the low earning self-employed, couples where one is pension age and the other is below and some claimants in receipt of disability benefits. There is also the loss of income as a consequence of the introduction of the two child limit in 2017 and the freezing of benefit rates in cash terms.
- 6.2.6 This can potentially be mitigated by the award of a Discretionary Housing Payment (DHP). DHP's are funded by DWP grant but are administered locally. The amount received by the Council is reducing year on year and so due to funding constraints local policy has intended the award of a DHP to be short term i.e. to enable a household to adjust to a reduced budget. This potentially means an increased reliance on the voluntary sector such as the food bank and the local Citizens Advice Bureau who offer budgeting and support.

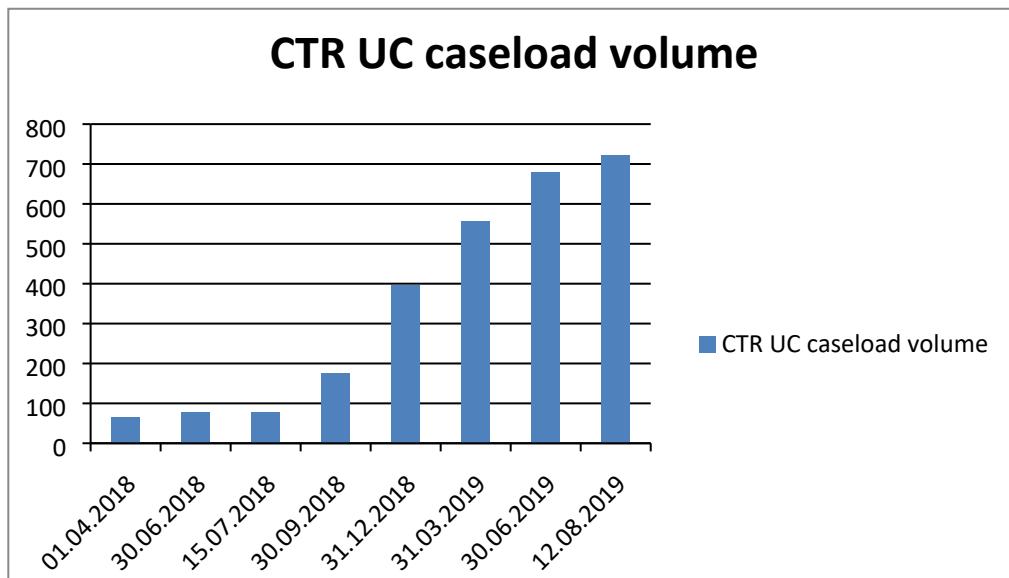
DHP fund year	UC one off award	UC ongoing award	Total DHP for UC	DHP Total fund (DWP)	Total DHP spend
2017	£303	£5,568	£7,889	£232,844	£175,980
2018	£6,899	£20,533	£29,451	£202,370	£179,859
2019 (to date)	£4,510	£20,020	£24,531	£178,227	£63,837

- 6.2.7 The table above shows DHP expenditure on UC claims per year. One off DHP's generally assists with the cost of moving to more affordable accommodation and where payment of two homes is needed. Ongoing DHP would support shortfalls in rent as a consequence of Local Housing Allowance LHA rates and other welfare reform such as the Benefit Cap and Social Sector Size Criteria (bedroom tax). The Revenues team will build monitoring per award type into ongoing DHP monitoring which informs future DHP policy.

### 6.3 Local Council Tax Reduction

- 6.3.1 In 2013 the Welfare Reform Act introduced local Council Tax Support, this gave Local Authority's the freedom to design and implement local Council Tax Reduction schemes (CTR). The Council have to date supported maintaining levels of support to their communities and therefore up until

2018 the CTR scheme was based broadly on the national Council Tax Benefit scheme that preceded it. In April 2018 the Council introduced a banded scheme for customers in receipt of UC. This was in response to how UC worked and was aimed at reducing administration costs rather than the level of support. This was in response to a reduction in the level of administration funding and the potential for increased costs due to the nature of UC assessment rules.



- 6.3.2 The current UC CTR caseload is 722. This represents around 11% of the total CTR caseload. This has increased from just 1% when the banded scheme was first introduced in April 2018.
- 6.3.3 Collection rates for the UC scheme for 2018/19 were on average 74.7%, compared to a District average of 97.8%. The collection rates for all CTR claims is unknown, this is something that Revenues is seeking to develop, so that recovery processes can be monitored and policy such as the Corporate Debt Recovery Policy be reviewed and updated as necessary. Other LA's have an overarching anti-poverty strategy which may also be worth giving consideration to, particularly as UC rolls out further and CTR becomes disassociated with housing benefit.
- 6.3.4 Since the introduction of the UC banded scheme the Revenues Team have tried to identify individuals who have been disadvantaged by the scheme and where appropriate offer them additional support on a discretionary basis. Discretionary support considers both the disadvantage of the new scheme and financial capability. In 2018 one discretionary award was made on this basis and so far in 2019 two have been made.
- 6.3.5 The CTR scheme is reviewed annually and revisions considered by officers, with approval from members. As UC did not roll out until July 2018 it has been proposed that no changes are made to the CTR scheme for 2020/21, with the exception of any minor adjustments that are required to bandings and uprating. However it is intended that engagement be sought with

members to review the performance of the UC scheme with a view to making any changes from 2021.

- 6.3.6 The council may need to consider doing some work around take up of CTR. Previously CTR would have been considered at the same time as a Housing Benefit claim and entitlement revised when a change of circumstance is reported. However the Council are now notified of a claim for UC by the DWP, in response an invitation to claim CTR is made to the customer, however this is not always taken up. Therefore take up should be considered as part of the recovery process identifying accounts that are in arrears where a low income or UC entitlement may result in an award of CTR.

## 6.4 Housing & Homelessness

- 6.4.1 The housing team do not currently record whether the presentations for advice are related to UC. This is something that they are developing with their new software, therefore, in the future this can be recorded and monitored with any changes to housing policy being considered in response. The team do have a specialist housing welfare officer, to date she has dealt with three cases where UC is considered as a contributory factor to an individual's housing issue. This represents around 10% of her caseload. These are included in Appendix 2 as housing case studies.
- 6.4.2 Nationally it has been shown that there are difficulties with rough sleeping and making and maintaining a claim for UC. Stonepillow, the local homeless charity, confirm this, although they do not keep statistical data. They provide online access and assistance for making claims at the Hub (Old Glassworks) in Chichester and anecdotally they cite issues with maintaining claims, conditionality and sanctions. For those that do face difficulty there is some suggested links between disrupted income and low level crime and street begging.

## 6.5 Communities – Community Referrers project (social prescribing)

- 6.5.1 In July 2018 the communities team recruited four community referrers. These posts work across the District attached to GP surgery's assisting patients with non-medical issues that are impacting them adversely. From July 2018 to July 2019 the team dealt with 649 referrals, 203 of these were referred for benefit advice and around half of these cases had issues with UC. Many of those cases involve Employment & Support allowance ESA reviews or changes following a capability assessment. Customers who were previously on ESA pre roll out that experience such are issues are required to claim UC. This can create issues, as seen by this team, particularly where there are vulnerabilities or mental health issues. The team have also experienced referrals as a consequence of the waiting period, to assist where IT skills are lacking and where Personal Independence Payments (PIP) has been reassessed. The team have recruited an additional post to assist with the increased volume of cases being referred. This post has been funded by Hyde and will be focusing on Hyde tenants that present with benefit issues.

## **6.6 Other stakeholders – Citizens Advice Bureau & Food Bank**

- 6.6.1 The Trussell Trust operates over 1200 foodbanks nationwide, in the Chichester District there are four centres; Chichester, Selsey, Midhurst and Petworth. The Chichester foodbank have operated 3 days a week, for two hours a day since 2012. Between August and November in partnership with Southdown Housing a floating support officer was co-located in Chichester as part of a pilot, aimed at assessing the households using the foodbank, establishing support that these households require and assessing their circumstances three months after the pilot. The key findings were that the main reasons for people accessing the foodbank were, pending UC payments, one off payments, unemployment and homelessness. The data in this report shows that 33% of respondents to the pilot cited that the UC waiting period had prompted them to use the foodbank. Volunteers at the foodbank reinforced this message, stating that they see a lot of cases referred from the CAB, where they have opted to use the foodbank rather than take an advance payment. The reason that they refused an advance is because they felt that they would struggle with the repayment options offered to them by the DWP. These findings suggest that the DWP solution of offering advance payments to alleviate waiting periods is not a viable option for some households already struggling with budgeting.
- 6.6.2 The Citizens Advice Bureau (CAB) was commissioned to provide budgeting and support from April 2018. The benefits team retained responsibility for digital support. However in December 2018 the Government announced that the CAB would be providing both forms of support from April 2019. Chichester CAB were selected to pilot this therefore they took responsibility for both budgeting and digital support from January 2019. They are in the process of producing a similar report to this, reviewing the impacts of UC on their service. This has not been published to date. They have provided some case studies which highlight the good and the bad of UC. The bad highlights the need for good communication with the DWP and the individuals within the DWP that make decisions. The majority of cases are straightforward; however it appears that where there is complexity the DWP struggle to interpret their own rules. This may improve as roll out progresses as they will see more of the complex cases and DWP staff will become more familiar with the issues. The work of organisations such as the CAB will be crucial in ensuring that individuals who have complex circumstances are able to navigate the system to obtain the level of support they are entitled to.

## **6. Resource and Legal Implications**

This report has been produced by the Revenues Division however consideration may need to be given to future monitoring and how this can be achieved across service areas within current resourcing.

## **7. Community Impact and Corporate Risks**

There are potential negative impacts on the roll out of this reform, particularly around housing & homelessness, arrears of council tax and the impact of recovery of such

debts. The Council needs to ensure that these impacts are considered in relevant areas of Council Policy.

## 8. Other Implications

	Yes	No
<b>Crime and Disorder</b>		x
<b>Climate Change and Biodiversity</b>		x
<b>Human Rights and Equality Impact</b>		x
<b>Safeguarding and Early Help</b>		x
<b>General Data Protection Regulations (GDPR)</b>		x
<b>Health and Wellbeing</b>		x
<b>Other (please specify)</b>		

## 9. Appendices

**None**

## 10. Background Papers

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/801411/universal-credit-statistics-to-11-april-2019.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/801411/universal-credit-statistics-to-11-april-2019.pdf)

<https://www.ifs.org.uk/publications/14083>