

Chichester District Council

Overview and Scrutiny Committee

9 March 2021

Universal Credit Update

1. Contacts

Report Author

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2. Recommendation

The Overview and Scrutiny Committee are requested to note the contents of this report which provides an update on the impacts of Universal Credit within the district. In addition the report details how the Council is working to mitigate any negative impacts on residents.

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).

4. Outcomes to be Achieved

That the Committee acknowledges that the Council is working effectively to support residents impacted by Universal Credit (within the controls it has).

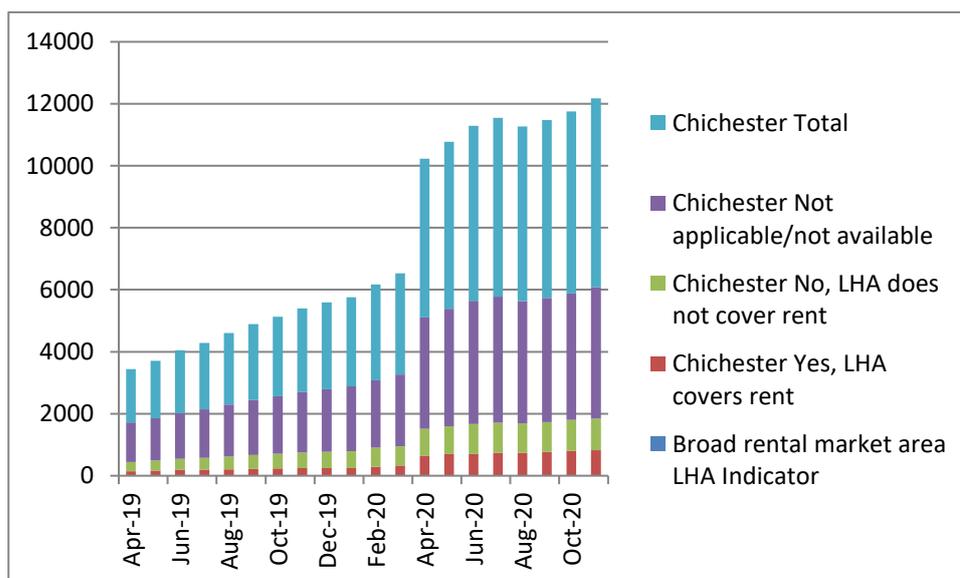
5. Report findings

5.1 UC statistics published by the DWP in February 2021 show the following headlines;

- The number of people on UC at 14 January 2021 was 6 million. This is a 98% increase since 12 March 2020.
- 91% of new claims and 97% of all claims received their payment in full and on time for the assessment period covering October 2020, compared with 86% and 95% respectively in March 2020.
- 4.5 million claims were made for UC between 13 March 2020 and 14 January 2021.

5.2 Restrictions were introduced across the country in March 2020 as a result of the Coronavirus pandemic. These led to large increases in the number of people applying for UC nationally.

- 5.3 In the first two weeks of the lockdown between 20 March 2020 and 2 April 2020 there were 1.1 million claims made. This represents an increase of 10 times the usual weekly average amount of new claims made for UC.
- 5.4 The COVID pandemic has therefore heightened the need for welfare assistance. The DWP has coped with unprecedented claim volumes. The creation and extension of the furlough scheme has mitigated this to some extent with UC claim volumes decreasing in the period that followed.
- 5.5 For the South East there has been a 118% increase in people claiming UC. Further details can be found in the full report published by the DWP (link in section 9 to this report).
- 5.6 The chart below shows the number of UC cases in the Chichester broad rental market area (BRMA) from April 2019 to October 2020*. This is further split into cases where the local housing allowance (LHA) is covered by the housing costs element of UC, where it is not and where that is not known. This is in line with the National increased trend as a result of COVID-19. This has caused an increased number of residents to claim Council Tax Reduction, although not to the same extent. Therefore this will continue to be promoted to ensure that customers struggling with Council Tax payments are signposted to apply where appropriate.



*Source DWP Universal Credit Statistics 23 February 2021.

Universal Credit Time Line

- 5.6 Appendix A provides summarises the UC roll out to date. A managed migration pilot was started in Harrogate in 2019. This pilot was started with a view to informing how the managed migration programme would be implemented, with the DWP target of managed migration being completed across the country by 2023. This has subsequently been delayed until summer 2024. Managed migration is the process whereby claimants are transferred from legacy benefits to UC. Those that are disadvantaged by the change receive transitional protection. However in natural migration, where a claimant has a change in their circumstances that prompts a claim to UC, they do not get transitional protection.

Impact of UC roll out on the Council and Residents

- 5.7 Due to the COVID-19 pandemic studies or work regarding the impact of welfare reform particularly the roll out of UC has been superceded. Most data and research now focuses on this. It is worth noting that changes to benefits, including the additional amount of UC paid in reaction to the COVID-19 pandemic will most likely be announced at the spring Budget. Any reductions to benefit at this time combined with the restriction on evictions lifting will inevitably mean a rise in cases of residents needing Council advice and support services.
- 5.8 As stated earlier in this report the number of people claiming UC increased early in the pandemic, volumes have stabilised. However the introduction and extension of furlough has likely mitigated any sustained rise. Anecdotally it is apparent that those new to claiming welfare in the form of UC are finding adjusting to reduced budgets difficult. It is likely that this will continue for some time, and will have a particular impact on customers being able to pay some bills such as Council Tax, and in turn will have an impact on debt advice services, housing advice and food banks etc.

Summary of how the Council continues to support residents migrating over to Universal Credit

- 5.9 Like many Government Services the Council and its stakeholders and service users have been impacted by the COVID-19 pandemic. This has led to an increased number of residents migrating over to UC sooner than had been expected. In terms of how the Council supports its residents this is summarised below:
- Discretionary Housing Payments are payable to people with a shortfall between either the housing benefit or UC housing costs payment that they receive and the amount of rent that they are liable to pay. These can be paid either as an ongoing award or as a one off to assist a household to move into more affordable or suitable accommodation or to assist with rent arrears as a result of shortfalls in benefits.
 - Council Tax Reduction (CTR) is a means tested benefit that assists residents liable for Council Tax in meeting this cost. We have seen an increase in claims for CTR, and the number of people adjusting to a new financial situation is apparent in these situations. Additional Discretionary Support is available for customers in receipt of CTR on the UC banded scheme who are disadvantaged as a result.
 - Further Discretionary CTR is available for Council Tax payers that have been financially impacted COVID-19. Plans are currently in place to further support residents with their Council Tax bills during 2021/22 where underspends from the Hardship Fund for 2020/21 allow this.
 - Social prescribing which started in 2018 will continue at present until 2024. The team have also been expanded to allow for more people to be assisted by the team. This project has enabled the gap between poor health and non-medical vulnerability to be bridged. With clients being supported in a number of ways, particularly signposting to other Council services and external stakeholders.
 - Building relationships with external stakeholders such as Chichester & Arun Citizens Advice Bureau, Chichester Foodbank and Stonepillow. This allows for

referrals to be made for support where appropriate which helps to ensure that those that are vulnerable receive additional support where needed.

- The Housing Division continue to work with people across the District who are homeless or threatened with homelessness. People having difficulty accessing or maintaining a UC claim can impact on rent arrears and therefore homelessness. Intervening early enables homeless prevention both now and in the future.
- Recruitment of specialist rough sleeper officers. Often it is this group that struggle with making and maintaining an UC claim, particularly those with restricted access to IT. The transfer between UC and legacy benefits, and vice versa is particularly difficult for this group to navigate. Therefore this work is important as it helps this group in terms of sustaining a tenancy in the longer term.
- The Council's Corporate Debt Recovery Team recovers debts owed to the Council including but not limited to Council Tax, Housing Benefit, Business Rates, Housing, Licensing and Contract Services. The team looks at the overall debt owed to the Council when determining the most appropriate course of action. Additionally the team signpost customers to stakeholders where appropriate to ensure that customers in debt or financial difficulty are dealt with reasonably. This therefore balances the need for recovery with the need to support individuals.

6. Community Impact and Corporate Risks

- 6.1 There are potential negative impacts on the roll out of this reform, particularly around housing & homelessness, arrears of council tax and the potential impact of recovery of such debts. That said processing times for Universal Credit claims continue to improve although residents still have to wait up to six weeks to receive their first payment of Universal Credit. The Council needs to ensure that these impacts are considered in relevant areas of Council Policy.

7. Other Implications

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

8. Appendices

Appendix A - Universal Credit Timeline

9. Background Papers

<https://www.gov.uk/government/statistics/universal-credit-statistics-29-april-2013-to-14-january-2021/universal-credit-statistics-29-april-2013-to-14-january-2021>