

Southend-on-Sea Borough Council

Agenda
Item No.

Report of Corporate Director Corporate Services

to
CABINET
on
6th January 2015

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Universal Credit

Policy & Resources Scrutiny Committee – Executive Councillor: Councillor Gilbert

A Part 1 Public Agenda Item

1. Purpose of Report

This report is to inform Members about the roll out of Universal Credit in February 2015 and for Members to give their views on a number of matters.

2. Recommendation

1. That Cabinet note the content of the report.
2. That Cabinet views are sought on the following matters to help guide Cabinet at its meeting on 6th January 2015:
 - Job Centre Plus staff presence in Civic 1 reception
 - Set up a project team to manage direct payments for social housing tenants
 - Explore options for budgeting support and debt management for residents

3. Background

- 3.1 Universal credit is a new benefit for people of working age, designed to top up their income to a minimum level. Universal credit will eventually replace benefits for people who are out of work and tax credits for people in work.
- 3.2 Universal credit was originally planned to be rolled out by 2015/16 but there have been a number of delays to the programme and to date only a small number of pilot sites are operational.

- 3.3 In a recent announcement the Government has accelerated the roll out and an additional 60+ sites will go live with universal credit in February 2015 of which Southend is one. Initially only single, childless people claiming job seekers allowance will be assessed for universal credit. By the end of 2015/16 all new claims for job seekers from single people, couples and families will be assessed for universal credit.
- 3.4 From a total caseload of 20,000+ only 1,200 are in receipt of job seekers allowance and therefore during 2015/16 the impact on the housing benefit caseload will be small.
- 3.5 During the period 2016 to 2018 the Government intends that the remaining housing benefit caseload will transfer to universal credit although no details of the transfer process are yet available.
- 3.6 Pensioner claims will not be part of this transfer and the 6,000+ pension claims will remain with the Council. We will also remain responsible for the Essential Living Fund, Discretionary Housing Payments, exempt accommodation and Local Council Tax Support.

4. The Operation of Universal Credit

Once fully operational universal credit will work as follows:

- 4.1 Providing a person's income and savings don't go above certain limits, they can carry on claiming universal credit if they are working or out of work. Universal credit may help people on low incomes who move in and out of work by reducing the problems caused by benefits stopping and starting.
- 4.2 Universal credit will replace these benefits:
- housing benefit
 - income support (IS)
 - jobseekers allowance (JSA)
 - employment and support allowance (ESA)
 - child tax credit and working tax credit
 - budgeting loans and crisis loans.
- 4.3 Many other benefits will continue to exist. Some will count as income when universal credit is calculated, and others will not. Universal credit will be introduced gradually across the country and in stages, so most people won't be affected by it for some time.
- 4.4 You will usually have to be aged 18 or over to make a claim for universal credit. Young people under the age of 18, students and people from abroad or not usually resident in the UK will not usually be able to claim, but there will be some exceptions.

- 4.5 Claims for universal credit will be made online, and claimants with changes in their circumstances will have to tell the DWP online also. Residents will claim universal credit instead of housing benefit if they need help with their rent.
- 4.6 If a resident is not working, they will claim universal credit. The claim will include help with housing costs, so a separate claim for housing benefit won't be needed. Universal credit will contain similar allowances towards rent, which will usually be paid directly to the claimant as part of their universal credit payment.
- 4.7 It will be the resident's responsibility to budget and pay their rent from their universal credit and any other income they may have. Payments will usually be made monthly.
- 4.8 Benefits payments are currently paid every fortnight or sometimes every week. Under universal credit, payments will usually be made every month – and they will be made in arrears, not in advance. It may sometimes be possible for payments to be made more frequently, or to be split and paid to more than one person, but only in specific circumstances of extreme hardship.
- 4.9 Residents will have to get used to budgeting for a month at a time if they have been used to managing their money from week to week. If they need help to manage while they wait for their first payment, they may be able to claim a short-term advance of universal credit, although currently these advances are often refused.
- 4.10 Residents will need to set up a bank account to receive their universal credit payments as no payments will be made by cheque or postal order.
- 4.11 Overpayments of housing benefit that are currently offset against future benefit entitlement and/or invoiced for repayment will not transfer to Universal Credit but will remain with the Council to collect. Additionally, the Council will lose the opportunity to continue to offset overpayments for Housing Benefit against Housing Benefit entitlement.

5. Pilot site findings

- 5.1 The aims of the pilots were to deliver learning about the best ways of preparing claimants for UC implementation. Twelve LAs, including a partnership between Melton and Rushcliffe, undertook a pilot, with additional learning gathered from the UC Pathfinder sites in the North West, Oldham and Wigan.
- 5.2 As a result of issues emerging from the pilots and difficulties with ICT solutions the roll out of universal credit was delayed. The pilots have identified the key areas of concern that need to be addressed through partnerships between job centre plus, the Council and community advice groups. The Council has signed a partnership agreement with job centre plus and an action plan is being developed to address the issues above and impacts on the housing benefit service and related teams.

5.3 The key areas of concern arising from the pilots are as follows:

- Not all customer groups have access to the internet.
- Authorities have identified resistance from some customers to using online services and to making online benefit claims.
- Many social housing tenants have problems with debt and rent arrears, compounding problems they might have with personal budgeting.
- There is reluctance among social housing tenants to attend group financial management sessions.
- Concern that some tenants are poor money managers and they will face additional problems as a result of welfare reform changes.
- Providing work access support encourages customers to focus on employment as a way of maximising income.
- Some authorities report that existing partnership arrangements do not facilitate the effective joint delivery of local services. More work is needed to understand the core business and service delivery processes of each partnership agency.
- Local authorities report that data sharing amongst partners is a significant problem and the lack of shared data is limiting their ability to identify and target particular customer groups.

6. Corporate Implications

6.1 Contribution to Council's Vision & Corporate Priorities

Contribute to Safe, Healthy and Prosperous.

6.2 Financial Implications

6.2.1 It is clear that the Council will be faced with vulnerable residents needing assistance to make claims, notify changes, manage their budgets and move into work. The DWP have acknowledged this as a role for LA's but have not yet determined any level of funding that may be associated with this role.

6.2.2 The administration grant for housing benefit has been reducing year on year as part of the Government's on-going savings but as the caseload starts to transfer to universal credit the reductions to the administration grant will be more significant, although it is not possible at this stage to determine the exact financial impact.

6.2.3 The cost of any remaining residual duties will have to be borne by the general fund unless the Government agree additional funding.

6.2.4 The current process of assessing Council Tax Support alongside Housing Benefit will need to be reviewed moving forward. The administration grant for Council Tax Support will not support the in depth assessment currently applied. As Housing Benefit claims, and grant, diminish a more straightforward method of assessment will need to be developed.

6.2.5 Overpayments of housing benefit will remain to be collected by the Council and as the opportunity of offsetting these overpayments against Housing Benefit entitlement ceases this could lead to a loss of recovery and increased debt write off for the Council.

6.2.6 As the roll out of Universal Credit progresses this will have staffing impacts on the benefits team and may well lead to the need for redundancies in the Benefits team and the cost of which to be subsequently funded by the Council.

6.3 Legal Implications

None known at this stage.

6.4 People Implications

The current resource within the Benefits service will be reduced by between approximately 18 to 20 FTE's by the end of 2017/18 if the Government's current plans remain unchanged and they continue to insist that TUPE will not apply. The implementation plan includes the management of this process and the tools to be used to retain staff wherever possible. However, there still remains the possibility of staff redundancies.

The Council will remain responsible for administering:

- Pensioner claims
- Discretionary housing payments
- Council Tax Support
- Essential living fund
- Exempt accommodation
- Overpayments

Sufficient trained staff will need to be retained to administer these claims and administrative functions although the overall structure of the team will need to be reviewed to accommodate the new workload going forward.

6.5 Property Implications

None.

6.6 Consultation

The contents of this report were considered through Pre-Scrutiny at the Policy & Resources Scrutiny on Thursday 4th December 2014. They made no specific observations to Cabinet.

6.7 Equalities and Diversity Implications

The DWP are responsible for the equality impact assessments for universal credit and the Council will have responsibility for an equality impact assessment on the remaining service to be provided.

6.8 Risk Assessment

As more details of the process of transfer are released a full risk assessment will be developed.

6.9 Value for Money

None.

6.10 Community Safety Implications

None.

6.11 Environmental Impact

None.

7. Background Papers

Notification letters from DWP.

8. Appendices

Appendix 1 – Supplementary Note