

## **SCRUTINY COMMITTEE**

### **15 JANUARY 2018**

#### **Impacts of Universal Credit Full Service**

**Cabinet Member(s):** Cllr Peter Hare-Scott  
**Responsible Officer:** Andrew Jarrett, Director of Finance, Assets and Resources

**Reason for Report:** To update the committee on the possible impacts from the rollout of Universal Credit Full Service (UCFS).

**RECOMMENDATION:** That members familiarise themselves with the issues relating to Universal Credit full service. Members may wish to consider attending a briefing to be delivered by DWP Jobcentre staff on Thursday 1 February 2018.

**Relationship to Corporate Plan:** Priorities within the 2016 – 2020 Corporate Plan are economy, homes, community and environment.

**Financial Implications:** Increase in rent and council tax arrears; possible loss of HB subsidy and administration grant; reduction in recovery of Housing Benefit Overpayments (see section 4). The resulting reduced caseload as claimants migrate across to Universal Credit will undoubtedly result in a change to staffing resources required in a number of services and will need to be managed on an ongoing basis.

**Legal Implications:** None

**Risk Assessment:** None

**Equality Impact Assessment:** Not applicable. No changes to MDDC policy at this stage. An Equalities Impact Assessment on Universal Credit was published by the Government in November 2011.

#### **1.0 Introduction**

- 1.1 Universal Credit is a national policy change in the way benefits for working age people are claimed, administered and paid. UC will be administered centrally by the Department for Work and Pensions.
- 1.2 Six benefits will be combined: Housing Benefit (HB) which is currently administered by the council, Working and Child Tax Credits, Jobseekers Allowance, Employment and Support Allowance and Income Support. These are known as legacy benefits.
- 1.3 The main changes for claimants will be:-
  - UC is claimed and managed online
  - Payment will be paid monthly in arrears
  - Payment will be to a single member of the household
  - The First payment is usually paid 5 weeks from the date of claim
  - The rent element is paid to the claimant and no longer the social landlord

## **2.0 Background, key dates**

- 2.1 Most Mid Devon residents are currently served by two Jobcentres Tiverton and Exeter. The remainder use Minehead and Taunton jobcentres.
- 2.2 Mid Devon is currently a UC Live Service area. This has only affected 'single claimants'. From July 2018 the majority of new claimants living in areas covered by Tiverton Jobcentre will have to claim Universal Credit. From September 2018 the same will apply to residents in Exeter Jobcentre area. Minehead and Taunton have been UC full service areas since April 2016 therefore some residents are already claiming UC under the full service ..
- 2.3 Some changes in circumstances will cause people to transfer from HB to UCFS. A few examples are:-
- A move from out of work to in work
  - A move from in work to out of work
  - An increase in working hours to the point where Job Seekers Allowance ceases
  - A household becomes responsible for a child for the first time
  - Partners separate
- 2.4 Once UC is established in every area DWP will move anyone of working age remaining on HB and other legacy benefit over to UC. This is called managed migration.
- 2.5 As at September 2017 we have 3943 Housing Benefit claims. 2412 of these are working age. Approximately 860 MDDC tenants who are working age are currently receiving housing benefit. The payment of HB for these tenants is paid weekly in advance directly to their rent accounts.

## **3.0 Preparation**

- 3.1 Staff from Housing Benefit, Housing, Customer Services and Revenues have been meeting to discuss possible impacts and each service will need to find solutions to minimise any risk (see Appendix 1). Staff have attended various meetings with Local Authorities and Housing providers where Universal Credit Full Service has already rolled out.
- 3.2 Training has been arranged for all staff in services which will be directly affected by UCFS. JCP will be delivering a briefing on UC to Members on 1 February 2018. Briefing for landlords in the private sector to be arranged
- 3.3 The impacts will include:-
- Customers failing to claim correct benefit who could fall in the gaps
  - UCFS is a fully digital service - customers will need an e mail address and bank account and this may be difficult for some claimants
  - Provision of budgeting support
  - Increase in customer enquiries
  - Staff will need to be able to signpost customers for help and support

- MDDC tenants will be paid four weekly in arrears; an increase in rent arrears has been included
  - Council Tax arrears - customers will have to be reminded to submit a separate claim for help with their council tax; Council Tax Reduction is not automatically awarded which could lead to an increase in Council Tax arrears
  - Within MDDC there could be duplication or omissions when gathering/sharing information; this has been coordinated previously via HB
  - If HB is paid incorrectly by MDDC there are financial implications; we would not be recompensed by DWP as we are currently
  - No direct contact with UC processing centres for LA staff to deal with customer enquiries
  - DHP funding may not be continue to be available for Rent Deposits and Advances
- 3.4 The draft 2018/19 HRA budget reported to Homes Performance Development Group on 14 November includes reference to the uncertainty surrounding the roll out of UCFS for 2018/19. A further update will be reported as part of the normal budget reporting processes.
- 3.5 There is likely to be an increase in demand on services that are already working at capacity. DWP are unable to provide estimates of the numbers of customers who will transfer to UCFS.
- 4.0 Financial and resource implications (estimated)**
- 4.1 Estimates are based on the best available information from experience in other local authorities and our caseload data. There is likely to be an increase in demand on services that are already working at capacity. DWP are unable to provide estimates of the number of customers, or how quickly they will transfer to UCFS.
- 4.2 Rent collection – under HB payments are made directly to MDDC tenants rent accounts 1 week in advance. Under UC direct payment can only be made in exceptional circumstances. Despite changes announced in the Chancellor's Budget in November it is generally accepted that rent arrears for local authority landlords will increase under Universal Credit.
- 4.3 Council tax collection – reduced take-up of Council Tax Support by UC claimants and lower level of income under UC will reduce amount available for households. Council tax collection rates elsewhere have reduced by 10%.
- 4.4 Housing benefit administration grant – the basic administration grant paid by DWP for 2017/18 was £209,224. Authorities that are already in UCFS have seen their DWP grant reduce by 20-25%. We could therefore see a reduction in our grant from 2019/20.
- 4.5 Discretionary funds – UC is likely to increase levels of financial hardship for many of our vulnerable, low income households. Demand for assistance from discretionary housing payments, welfare assistance, exceptional hardship for council tax support is likely to increase.

- 4.6 Discretionary housing payments – funding is used for rent deposits and rent advances which helps prevent homelessness and enable people to move to more suitable/affordable accommodation. Under UCFS we are unable to assist with deposits and advances until DWP has awarded housing costs which are paid in arrears and as a result, this could prevent claimants moving.
- 4.7 Temporary accommodation – in the Chancellor's 2017 budget it was announced that costs for temporary accommodation would be removed from UC by April 2018. To date the legislation has not changed. Therefore, if the payment towards temporary accommodation rent remains within UC there would be a significant loss of income. In this financial year it is estimated that HB will pay £47k directly to the cost of temporary accommodation.
- 4.8 Council tax support scheme – the scheme will need to be revised. When HB cases reduce and DWP HB administration grant reduces the cost of administering the council tax support scheme will increase. Also, as UC claimants' circumstances are reviewed monthly, the number of changes to their UC awards will increase and we currently recalculate CTS claims with each change.
- 4.9 Housing benefit overpayment recovery - we have a current total of approximately £570k. 60% is recovered from ongoing HB. Once a customer moves from HB to UC this method of recovery is lost. Housing benefit overpayment can be recovered by DWP from UC but the debts are considered low priority and will effectively be unrecoverable.

## **5.0 Summary**

- 5.1 Initially staff from Benefits, Housing, Revenues and Customer First will work together to review processes, minimise the impact on council income and prevent homelessness. They will also aim to minimise the impact of UCFS that will affect some of our highly vulnerable residents whose needs will be more complex.

### **Contact for more information:**

**Circulation of the Report:** Cllr Peter Hare-Scott, Leadership Team. Legal

### **List of Background Papers:**

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/664591/universal-credit-transition-rollout-schedule.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/664591/universal-credit-transition-rollout-schedule.pdf)

<http://researchbriefings.files.parliament.uk/documents/SN06547/SN06547.pdf>

<http://www.parliament.uk/business/publications/publications/written-questions-answers-statements/written-question/Commons/2017-09-07/9500>

Child Poverty Action Group Early Warning System

[http://www.cpag.org.uk/sites/default/files/CPAG\\_EWS\\_UC%20full%20service%20May%202017.pdf](http://www.cpag.org.uk/sites/default/files/CPAG_EWS_UC%20full%20service%20May%202017.pdf)