



# Confident Capable Council Scrutiny

6 February 2019

<b>Report title</b>	Universal Credit Update	
<b>Cabinet member with lead responsibility</b>	Councillor John Reynolds City Economy	
<b>Wards affected</b>	All	
<b>Accountable director</b>	Richard Lawrence, Service Director	
<b>Originating service</b>	Local Economy	
<b>Accountable employee(s)</b>	Heather Clark Tel Email	Service Development Manager 01902 555614 Heather.Clark2@wolverhampton.gov.uk
<b>Report to be/has been considered by</b>	Regeneration Leadership Team	15 January 2019

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## Recommendation(s) for action or decision:

The scrutiny panel is recommended to:

1. Feedback on the approach to supporting Universal Credit claimants to mitigate negative impacts from the transition onto Universal Credit.

## 1.0 Purpose

- 1.1 To provide an overview of activities underway to support residents moving to Universal Credit in Wolverhampton to mitigate any negative consequences from the rollout.

## 2.0 Background

- 2.1 Universal Credit will eventually replace both out of work and in work benefits and requires a culture change and behavioural shift for claimants. The whole of Wolverhampton has now moved to Universal Credit full service for new claimants, with 50% of the city going live in December 2017 and 50% in February 2018 (see paragraph 3.7 regarding the 2-child limit). Managed migration of existing claimants will begin on a small scale from 1 July 2019, however this is likely to begin later in Wolverhampton. The target is that all legacy benefit claimants will move across to Universal Credit by December 2023. Claimants in receipt of legacy benefits will be invited to move across with 3 months to make the claim.
- 2.2 Universal Credit full service requires claimants to make and manage their account online including submitting changes in circumstances, messaging their Work Coach and arranging appointments, upload documents e.g. CVs and work search information to evidence their claimant commitment. Claimant commitments require claimants to engage in interviews designed to explore barriers to employment, work preparation meetings involving skill assessments and training to improve job prospects, attend regular work search interviews and full-time active job search. Failure to do so can result in a sanction – a reduction in benefit or the withdrawal of benefit altogether.
- 2.3 Wolverhampton's approach to Universal Credit reflects our belief that a large number of residents in Wolverhampton will face a number of challenges in the transition to Universal Credit:
  - **Financial Inclusion:** the move to monthly payments and direct payment of housing costs will require claimants to be responsible for managing their money and paying their bills. In addition, Universal Credit claimants wait up to 5 weeks from applying to receiving their benefit (compared to 10 working days at present). This is of particular concern since 21.1% of Wolverhampton's residents are in debt (Money Advice Service: A Picture of over-indebtedness), the third highest in the West Midlands and above both West Midlands (18%) and national (16.1%). The extent of indebtedness in Wolverhampton could impact on people's ability to manage the transition to monthly payments.
  - **Digital Inclusion:** Universal Credit full service requires claimants to claim and manage their account online. Currently many Wolverhampton residents do not have access to the internet at home - 36% compared with national average of 20% whilst others lack the confidence or skills to use a computer independently - 23% of residents lack one of more basic digital skill (Digital Exclusion Heatmap).

2.4 The potential impact of getting this wrong for residents – debt, homelessness, mental health issues – is significant. Universal Credit could also lead to a significant increase in demand for public services e.g. housing arrears, homelessness, council tax arrears, pressure on frontline services for support and impact on Council income – Housing Revenue Account.

### 3.0 **Wolverhampton’s approach to supporting Universal Credit claimants**

3.1 To support residents affected by Universal Credit, the City of Wolverhampton Council set up an information hub <http://www.universalcreditwolverhampton.co.uk/> to help frontline workers and people understand the changes and access support to avoid getting into financial difficulty. This tool has been successful in helping frontline workers and residents to navigate the complex support system, provide simple accessible information and access to support. In addition to this the Council’s Welfare Rights Service has delivered a significant number of briefings and training courses to local groups and organisations, landlords and Council staff. The service has also produced a range of Information Guides and Benefits Bulletins giving up-to-date information on universal credit and advice on “hot topics”.

3.2 A Universal Credit working group drew up a detailed action plan which aims to ensure residents have access to information and support to prepare for and access Universal Credit full service by:

1. Improving access to information for frontline workers, landlords and residents so they know where to go for support.
2. Raising awareness of internal and external stakeholders, frontline workers, organisations and landlords
3. Providing access to Universal Support including advice, assistance or support including assisted digital and personal budgeting support. Universal Support includes advice, assistance or support provided to a UC claimant for the purpose of assisting them with:
  - **Assisted Digital Support** consisting of 1-2 hours supporting claimants to get on line and complete a claim and subsequently manage their claim online.
  - **Personal Budgeting Support** - The objective of the Universal Credit Personal Budgeting Support is to support Claimants transitioning into UC with budget management to enable them to manage their money and pay their bills on time, prioritising rent payments
4. Ongoing support for those that require additional support through referrals to Building Better Opportunities, Click Start and to wolves@work as gateway to employment support.

5. Encourage take-up of financial support for those experiencing difficulties such as Discretionary Housing Payment and Council Tax Reduction.
6. Ensure that Housing Benefit stop notices are actioned within the required timescales
7. Ensure that overpayments are managed effectively through the Payment Deduction Programme to maximize recovery

3.3 The Council's Service Development Team; Welfare Rights Service and Revenues and Benefits Team lead a local Universal Credit working group, however a range of partners are actively involved in developing the support offer for Universal Credit claimants including:

<b>Stakeholder</b>	<b>Role in supporting rollout of Universal Credit</b>
Local Economy – Service Development Team	Co-ordination of Universal Credit working group and commissioning of Universal Support.
Revenue & Benefits	Processing housing benefit and local council tax reduction scheme. Administering discretionary housing payments. Support UC service centre in response to UC queries. Housing Benefit Stop Notices for the clerical process of closing down a Housing benefit claim that has since migrated to Universal Credit Payment Deduction Programme. To support the recovery of Housing Benefit overpayments from customers who have migrated to Universal Credit
Welfare Rights	Benefit expertise, advocates and raising awareness of Universal Credit including upskilling frontline workers, training to local groups and organisations and newsletter information sheets.
Housing team	Providing the link with housing providers particularly private landlords
Wolverhampton Homes	Informing and targeting tenants and delivery of personal budgeting and assisted digital with progression to further support through Click Start
Wolverhampton Citizens Advice	Delivery of personal budgeting support and wider advice together with progression to further support through Click Start. From April 2019, they will deliver Universal Support.
Libraries	Provide access to computers and WiFi for residents especially those without access to the internet at home.
Learning Platform	Delivery of assisted digital support
Refugee Migrant Centre	Delivery of assisted digital and personal budgeting support
DWP	Funder and referrer onto Personal Budgeting and Assisted Digital Support.

- 3.4 For the past 3 years, the Council has commissioned universal support to support claimants moving onto Universal Credit. Universal support includes advice, assistance or support provided by UC or agreed Universal Support partners to a UC claimant for the purpose of assisting them with:
- **Assisted Digital Support** consisting of 2 hours supporting claimants to get on line and complete a claim and subsequently manage their claim online. If they require further support, they are referred onto other funded provision.
  - **Personal Budgeting Support** - The objective of the Universal Credit Personal Budgeting Support is to support Claimants transitioning into UC with budget management to enable them to manage their money and pay their bills on time, prioritising rent payments
- 3.5 In 2017-18, 1,005 claimants were supported with assisted digital support and 941 were assisted with personal budgeting support. For the first three quarters of 2018-19, 980 claimants have been assisted with assisted digital support, almost twice the volume estimated by DWP reflecting the number of people who need support getting and managing their account online and 675 residents have been assisted with personal budgeting support. Although Wolverhampton's approach of commissioning local trusted providers to provide Universal Support has proved effective at supporting local residents, other local authorities have not been as proactive, therefore from 2019-20, the DWP have commissioned Citizen Advice nationally to deliver Universal Support going forward. Wolverhampton Citizens Advice are already a key provider in the delivery of Universal Support, therefore will learn lessons from existing delivery in providing the support going forward.
- 3.6 Wolverhampton Homes report that Universal Credit is impacting on arrears, although they are performing better than other social landlords. Average arrears of those in receipt of Universal Credit is one and a half times higher than average level of arrears. Wolverhampton Homes are expecting arrears to increase associated with an increase in tenants moving across to Universal Credit. Currently, average arrears are £430 compared to £780 nationally and they have seen a 30% reduction on evictions compared to an increase of 70% in the West Midlands. They have one of the lowest rates of direct payments – only 1% and their eviction rate is one of the lowest in the country. Wolverhampton Homes have a 40 strong team supporting tenants to sustain their tenancies and are working closely with DWP and Citizens Advice. Although 30% of UC claimants are in arrears, they are catching them early so not letting them descend – their money smart team are based at Job Centres undertaking a financial check. This was initially trailed at Bilston job centre and is extending to Chapel and Molyneux job centres in January. DWP, Wolverhampton Homes and CAB are piloting intensive working with 20 customers to change their journey at the front and more intense contact over first 12-week period. A further pressure in 2019/20 is that there are 53 rent weeks this financial year whereby Universal Credit payments are in 12 instalments covering a 52-week year leaving a gap of one week's rent for tenants in receipt of Universal Credit.

## 4.0 Implications moving forward

- 4.1 From 1 February 2019, the UC gateway is opened up to include claims from families with more than two children. Because of the 2-child limit provisions this will continue (rather than abate) the demand from 3+ children families for financial support from Discretionary Housing Payments (DHPs) and Social Care.
- 4.2 There is also likely to be an increased demand for DHPs from families who move to universal credit and are subject the Benefit Cap. The cap is set at £384 per week for families. Under legacy benefits only the amount of the housing benefit could be capped. In Wolverhampton, the most income that a household could lose is approximately £150.00 per week. However, under the universal credit rules the cap could be much higher as more of the household income can be capped, meaning a greater reduction in household income.
- 4.3 As universal credit full service is now fully implemented in Wolverhampton, we will gradually start to see new people to the Adult Social Care service with universal credit rather than income-related employment and support allowance (ESA). This will impact on Council revenue as under universal credit a disabled person will usually be about £30.00 per week worse off which will mean the contribution we can expect will, in turn be £30.00 per week less.
- 4.4 From July 2019 to 2023 there will be a staggered roll-out of the “managed migration” to universal credit for current legacy benefit claimants who have not already been required to apply for universal credit under “natural migration”. There are complex rules regarding migration which have been the subject of legal challenge but essentially, people moving from a legacy benefit with an additional amount for severe disability will be transitionally protected until increases in universal credit rates erode the protected amount. This will gradually impact on the level of non-residential contributions to care and support as the amount we can charge will diminish correspondingly.
- 4.5 Between late 2019 and late 2023 thousand of Wolverhampton residents who currently get legacy benefits will be contacted by the DWP with instructions about the requirement to apply for universal credit. There are five key issues regarding this process that will impact residents, particularly those who are vulnerable:
- I. Claims will need to be made online (although there are arrangements for telephone claims and home visits, but these processes are beset with problems due to strict DWP gatekeeping and resources)
  - II. There are strict time-limits for making claims (expected to be 3 months) and if claimants fail to comply they will not only lose entitlement to universal credit, but any legacy benefits will be withdrawn
  - III. People will have to verify their identity and their financial circumstances when making claims during interviews with work coaches at the Job Centre

- IV. People will be required to manage their universal credit journals and failure to do so will lead to universal credit payments being stopped
- V. Large numbers of universal credit claimants will be subject to job search conditionality rules surrounding looking for work for the first time and failure to do so will lead to benefit sanctions.

## **5.0 Questions for Scrutiny to consider**

- 5.1 Feedback on the existing approach to supporting new Universal Credit claimants and comment on what other support is required to support residents moving onto Universal Credit especially during the transition period.

## **6.0 Financial implications**

- 6.1 DWP are providing a grant of up to £89,000 in 2017-18 (80% minimum grant based on take-up) and £171,053 in 2018-19 (50% minimum grant based on take-up) to provide Assisted Digital Support and Personal Budgeting Support based on anticipated demand depending on take-up. Universal Support funded support is at a fixed price per claimant of £54 for Assisted Digital Support and £63 for Personal Budgeting Support in 2018-19. There is also implementation support funding for management support, support for complex housing cases, housing benefit stop notice and payment deduction programme.
- 6.2 Reduction in the levels of income collected by Wolverhampton Homes on behalf of the Council presents a challenge to the continued delivery of services to tenants. Wolverhampton Homes have reported that arrears have increased with Universal Credit, although their proactive approach at supporting their tenants has resulted in lower average arrears and evictions than nationally. There is potentially a gap of 1 week's rent for tenants in receipt of Universal Credit given 2019/20 includes 53 rent weeks but Universal Credit payments cover a 52-week year.
- 6.3 The Council is awaiting notification of its grant allocation for Discretionary Housing Payments and will review the any potential impact upon notification. [ES/22012019/X]

## **7.0 Legal implications**

- 7.1 Universal Credit was created under the Welfare Reform Act and its rollout of Universal Credit is governed by Universal Credit Regulations 2013. A grant funding agreement is in place with DWP relating to the funding of Universal Support. [DC/17012019/B]

## **8.0 Equalities implications**

- 8.1 Some equalities groups experience particular challenges relating to digital and financial inclusion therefore the availability of personal budgeting and assisted digital support has positive equalities implications. An equalities impacts assessment has been completed.

## **9.0 Environmental implications**

9.1 Digital inclusion has positive environmental implications since it allows transactions to be undertaken online.

## **10.0 Human resources implications**

10.1 There are no human resource implications.

## **11.0 Corporate landlord implications**

11.1 There are no corporate landlord implications.

## **12.0 Schedule of background papers**

12.1 None