

REPORT TO SCRUTINY COMMITTEE

DATE: 13 MARCH 2018

TITLE: REVIEW OF UNIVERSAL CREDIT IN HARLOW – INTERVIEWS WITH DWP AND CLAIMANTS

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RECOMMENDED that:

- A** The Committee considers the evidence produced both within the report and from the discussions that will take place at the meeting on 13 March 2018, and makes any necessary recommendations to Cabinet for its consideration.
- B** The Committee notes the feedback obtained from claimants and those organisations able to be present at the meeting.
- C** Notes the operational issues that the transition to Universal Credit is having for the Council and its services during the first six months of the live scheme in Harlow.

BACKGROUND

1. Universal Credit (UC) was a new benefit introduced in 2013. It was initially regulated by the Welfare Reform Act 2012 and the Universal Credit Regulations 2013. The intention of the new benefit was to replace six means tested benefits and tax credits:
 - a) Job Seekers Allowance (JSA);
 - b) Housing Benefit;
 - c) Income Support;
 - d) Employment and Support Allowance;
 - e) Working Tax Credit; and
 - f) Child Tax Credit.

2. Although there have been a number of delays and changes to the scheme since its initial introduction, implementation of UC in Harlow began in February 2016 and was finally rolled out to all eligible claimants in September 2017.
3. The administration and management of UC is carried out by the Department for Works and Pensions (DWP) and locally is accessed via the Job Centre Plus.
4. The Committee requested that, as part of its work plan for 2017/18, a review of the local impacts of UC be carried out. This report provides some of the currently available statistics following the full roll out of UC in Harlow in September 2017.
5. The key issues and local impacts will be explored further through the discussions that will take place at the meeting itself and from evidence provided by those organisations represented at the meeting or the written responses to the pre-determined questions submitted to the Council.

ISSUES/PROPOSALS

Impact on Housing Services

6. The introduction of UC has impacted on the Housing Service in a number of ways. However, the single biggest change that has been experienced by both the Council and other landlords has been the conversion to monthly payments of housing costs, paid directly to claimants. Previously, under the housing benefits system, housing costs were paid directly to tenants rent accounts on a weekly basis (or to the landlord in the case of Registered Social Landlords). This has impacted significantly on the Council's income stream from rental payments, and on the day to day management of claimants rent accounts.
7. For Council tenants', rent is payable either weekly, or otherwise in advance, as required by their tenancy agreement. As UC claimants have generally had to wait around six weeks to receive payments, sometimes longer. Furthermore, in most cases they have had no access to additional benefits during this time, and therefore in the vast majority of cases this has led to arrears accruing or increasing on claimants rent accounts. Further information regarding the impacts of this change are set out later in the report.
8. The implementation of UC has also seen a significant change in information sharing arrangements between agencies. Prior to the roll out of UC, Rent Officers were able to liaise effectively with Revenues and Benefits Officers regarding the status of tenants Housing Benefit claims, and were therefore able to assist tenants with actions required. Under UC the responsibility for sharing information rests with the claimant, with Officers no longer able to rely on an 'implied authority' from the claimant to obtain information regarding a claim from UC. Information can only be provided where the express authority of the claimant has been provided, and is required each time information is sought, making effective liaison more difficult. To address this issue, Rent Officers are working closely with the local DWP office to assist claimants wherever possible.

9. In response to the changes, Rent Officers have had to adapt their approaches to recovery of rent, with a focus on early intervention and communication with claimants, assisting with budgeting support and looking to identify any potential vulnerabilities or difficulties. Additionally, claimants are also advised of the availability of independent personal budgeting support and additional digital support, and other support agencies. One of the key difficulties experienced by landlords is encouraging tenants falling in to arrears to engage with them regarding their situation.
10. UC does make provision, in certain specified circumstances, for landlords to request payment of claimants housing costs to be paid directly. For example, where the claimant may have a vulnerability or specific difficulty in managing finances, or where there is a history of rent arrears. While this does enable Officers to take steps to seek to ensure payment of housing costs, and/ or arrears, such payments are made in bulk on a schedule system and this has led, in some cases, to delays of up to seven weeks from the date payment is deducted from a claimants UC payment, to the time it is applied to their rent account, resulting in increases in arrears of over £600.

Impacts on the Council's rent arrears

11. While it is still very early to carry out a full analysis of the impact of UC on rent arrears figures, with full service only being rolled out from September 2017, the table below shows the month by month increase in the number of UC claimants, and the effect on arrears since the end of September 2017.

	Total No. of Council tenancies	No. of Council tenants in receipt of UC	No. of UC Council tenants in rent arrears	Total value of arrears for UC tenants
Sept 17	9223	228	170	£92,605
Oct 17	9219	341	266	£153,778
Nov 17	9203	480	366	£213,904
Dec 17	9190	531	442	£264,593
Jan 18	9179	615	486	£276,600

12. As at 28 January 2018, 615 Council tenants were recorded as being in receipt of UC, equating to 6.7 percent of all Council tenancies. Of these 615 cases, 486 were showing arrears at this date, amounting to a total debt due of £276,600. The average level of arrears for tenants on UC currently amounts to £569.14.
13. In context, the average level of arrears for all Council tenants in arrears at this date was £384.46.
14. Due to the nature of UC, with Claimants receiving payments on differing dates, and the four weekly schedules for receiving managed payments, it should be noted that these figures can only represent a snapshot of the position at the relevant date in question.

Changes in service demands for Revenues and Benefits

15. Following the roll out of UC in Harlow the Revenues and Benefits service has seen a number of impacts in terms of its day to day work.
16. The service has seen a considerable increase in documentation received relating to Universal Credit since full service was introduced in Harlow, with 6,023 documents being received in the period 19 July 2017 to date. For comparison, the service received 1,328 documents relating to UC in the period 1 February 2016 to 18 July 2017 under Live Service. Most of this documentation is received from the DWP but some is from claimants themselves. The service has also experienced a high level of duplicate requests for information from the UC service centres, which is resulting in duplication of work and confusion within the team.
17. The service receives numerous calls from residents querying their Universal Credit entitlement. Officers have been supporting residents wherever possible but no longer have the tools or access to information to solve many of the issues and therefore can only refer residents back to the DWP Job Centre Plus office or the UC service centre in Bangor for the support they need. Residents can be referred to or approach support agencies to assist in dealing with these matters.
18. Traditionally claimants made a claim for Housing Benefit and Council Tax Support via the Council's own claim form. Where a resident of working age claims UC, their housing costs are assessed as part of the UC claim, but no corresponding claim for Local Council Tax Support (LCTS) is made. Where the Revenues and Benefits service is aware residents have claimed UC, Officers are proactively inviting customers to make a claim for LCTS, but residents do not always take this up. This can lead to a loss of entitlement to support and council tax arrears. The Council has agreed a change to its LCTS scheme from 1 April 2018 to accept notification from the DWP of a UC claim as an intention to claim Council Tax Support.
19. The Council's Revenues and Benefits service have received official complaints from residents and Member of Parliament enquiries on behalf of residents regarding UC – which indicates that residents may be uncertain as to who is responsible for providing their support in the whole process.
20. The Council receives funding directly from the DWP to provide discretionary awards of housing payments to those affected by welfare reforms. In 2017/18 this funding amounted to £305,579. Applications from residents for Discretionary Housing Payments (DHP) have increased by 40 percent in 2017/18 compared to the same period in 2016/17. This is partially due to UC but is also due to the wider welfare reforms such as the benefit cap. Payments of DHP in 2017/18 financial year to those in receipt of UC amounts to £60,000 at the time of writing this report. Awards totalling £22,000 were made to residents in receipt of UC in the 2016/17 financial year. The applications received have also become more complex for officers to assess with residents presenting with multiple issues.
21. The design of UC has two key principles, namely:

- a) It is digital by default and therefore applications must be made on line and once accepted, the customer must maintain their online journal; and
- b) Applicants must budget monthly to prepare them for the world of work.

The Council's Revenues and Benefits Service, and Housing Service look to identify those residents that require Assisted Digital Support (ADS) and Personal Budgeting Support (PBS) as the DWP do not provide these services. Referrals are made to the Citizens Advice Service who provides the support services. The Council receives funding from the DWP for these services.

Impacts on Claimants and other support/advice providers.

- 22. It is anticipated that a fuller picture of the implications for both the support organisations and the claimants will be developed through the question and answer session at the Committee meeting and where it has not been possible to gain specific representation at the meeting then the evidence will be provided from the responses to the questions agreed by the Committee at its February meeting.

IMPLICATIONS

Place (Includes Sustainability)

None specific.

Author: Graeme Bloomer, Head of Place

Finance (Includes ICT)

None specific at this stage.

Author: Simon Freeman, Head of Finance

Housing

As outlined in the body of the report.

Author: Andrew Murray, Head of Housing

Community Wellbeing (Includes Equalities and Social Inclusion)

None specific.

Author: Jane Greer, Head of Community Wellbeing

Governance (Includes HR)

In order for the survey to be undertaken the full principles of the Data Protection legislation must be adhered to. Officers when collecting personal information including personal sensitive information must adhere to the processing principles in the Schedules to the current legislation, the principles of the General Data Protection Regulation [GDPR], and any guidance that has been published by the Information Commissioners Office. Failure to comply with data protection legislation and Regulations is likely to result in a breach of the fair processing principles.

Prior to any interviews taking place the Council will need to ensure that those being interviewed are aware that they did not have to participate in the interview process. If they do wish to do so the Council will need to explain that the information will be anonymised and used for statistical and research purposes only.

Author: Amanda Julian, Legal Services Manager

Appendices

Appendix A – Copy of the agreed questions for DWP Representatives

Appendix B – Copy of the agreed questions for claimants

Appendix C – Copy of the agreed questions for support organisations

Appendix D – Responses from Organisations

Appendix E – Worked Example Supplied by Harlow Advice Centre

Background Papers

None.

Glossary of terms/abbreviations used

None.