

## **Appendix 1**

**REPORT TO:** **SCRUTINY COMMITTEE**

**DATE:** **4 SEPTEMBER 2018**

**TITLE:** **REVIEW OF UNIVERSAL CREDIT IN HARLOW –  
UPDATE REPORT**

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### **RECOMMENDED that the Committee:**

- A** Considers the evidence produced both within the report and from the discussions that will take place at the meeting on 4 September 2018 and makes any necessary recommendations to Cabinet for its consideration.
- B** Notes the continued operational issues that the transition to Universal Credit is having for the Council and its services during the first 12 months of the live scheme in Harlow.

### **BACKGROUND**

1. The Committee received a report and participated in a discussion and Question and Answer session with external organisations at its meeting on 13 March 2018. The background to the new benefits system was discussed and evidence was provided by external organisations and claimants (and collected through work by the Citizens Advice Bureau).
2. The Committee was updated in relation to the delays and changes to the scheme since its initial introduction and it was explained that the implementation of Universal Credit (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. Owing to the fact that information relating to the scheme was only available for a six month period at the Scrutiny Committee meeting in March 2018, the

Committee requested that further information be reported to this meeting in order to have access to more data covering a 12 month period post roll out.

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 and Rent Arrears

6. 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.

**Table 1 – Number of Universal Credit Claimants and Value of Arrears by Month**

	<b>Total No. of Council tenancies</b>	<b>No. of Council tenants in receipt of UC</b>	<b>No. of UC Council tenants in rent arrears</b>	<b>Total value of arrears for UC tenants</b>
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
Feb 18	9143	675	521	£255,045
Mar 18	9144	745	548	£272,055
Apr 18	9150	787	568	£289,603
May 18	9154	834	634	£322,570
Jun 18	9143	895	668	£351,111
Jul 18	9135	933	680	£358,032

7. As at 28 July 2018, 933 Council tenants were recorded as being in receipt of UC, equating to 10.2 percent of all Council tenancies. Of these 933 cases, 680 were showing arrears at this date, amounting to a total debt due of £358,032. The average level of arrears for tenants on UC at this date amounted to £526.52.
8. In context the average level of arrears for all Council tenants in arrears at this date was £375.15.
9. As noted in the previous report submitted, 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.

10. As highlighted previously, a significant issue is the delays that can be experienced in processing requests for landlord managed payments and arrears deductions. For information purposes the payment schedule received from the DWP dated 11 July 2018, included just under £47,000 worth of managed payments and direct arrears payments. This schedule showed that some of the payments included had been deducted from claimants' UC payments as long ago as 8 June 2018. These payments were applied to rent accounts on 19 July 2018, and in these cases there was therefore a near six week delay between the payment being taken from the claimant and the sum being applied to their rent account. This is an issue highlighted by many landlords in managing UC cases and has been reflected in landlord surveys regarding UC.
11. Managed payments are received from the DWP as a lump sum payment on a monthly basis. The Revenues and Benefits service receives a schedule of individual payments which requires manual checking by housing staff, with payments being manually posted to the individual rent accounts by the Revenues and Benefits service.
12. In March 2018 the Council signed up to the Universal Credit Full Service Landlord Portal as a Trusted Partner, enabling Officers to verify claims for housing costs, and request managed payments more easily. While this does not address the fundamental issues with delays, which is due to payments being made once a month as above, it does streamline the initial application process.

### **Changes in Service Demands for Revenues and Benefits**

13. 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.
14. There has been a considerable increase in documentation received by the service in relation to UC since Universal Credit Full Service was introduced in Harlow in July 2017, with 14,826 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 the now closed UC Live Service. As previously reported 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.
15. The UC documentation received provides details of changes to a claimant's entitlement to UC in each UC assessment period. Where the claimant is in work, then weekly, fortnightly or monthly notifications are being received. This variation in the amount of UC awarded results in a re-assessment of any local Council Tax Support awarded. Analysis of Council Tax Accounts where the claimant is claiming UC, and where Local Council Tax Support is in payment, shows that the collection and recovery of Council Tax is being adversely affected as a result of the multiple changes in the amount the Council Tax payer is required to pay. Tax payers are being issued with revised bills each time a change is made, and the analysis has identified accounts where the taxpayer has been issued with up to eight Council Tax bills in this financial year, each bill demanding different instalments to the previous bill.

16. The DWP have announced that all working age claimants of legacy benefits, including Housing Benefit, will move to UC on a phased roll out basis, but no details have been received as to when this will take place in Harlow. UC was designed to encompass all welfare benefits, including the payment of housing costs. Under UC Full Service, certain situations give rise to the claimant receiving UC living costs, but the claimant must claim Housing Benefit as UC Full Service cannot pay the housing costs, mainly due to complexity. Currently this arises where the claimant is resident in supported exempt accommodation and with effect from April 2018, temporary accommodation. The claimants in these circumstances tend to be the most vulnerable of claimants. There has also been a recent indication that claimants in receipt of severe disability premium may also be required to claim Housing Benefit for their housing costs, rather than UC. Pensioners continue to claim Housing Benefit and currently there are no plans to move pensioners to UC as originally intended. It is clear that even when working age claimants of housing benefit are migrated to UC, the Council will continue to be required to assess and pay claims for Housing Benefit to those of working age and pension age.
17. 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. At the time of writing this report the service has received 169 applications for DHP in the 2018/19 financial year compared to 148 applications received in the same period in 2017/18. The applications received continue to be more complex for Officers to assess with residents presenting with multiple issues. The amount of DHP funding received from the DWP has reduced from £305,579 in 2017/18 to £253,021 in 2018/19, with further reductions expected. At the time of writing this report, DHP expenditure amounts to just under £100,000. Due to software limitations, payments of DHP have to be processed manually by the Revenues and Benefits service where the recipient is receiving UC and is also a Council tenant.
18. The service believes that take up of Local Council Tax Support continues to be an issue under UC. The local Job Centre has agreed to issue an application form to UC claimants when they attend the Job Centre, and also advise claimants of the ability to make a claim online.
19. The design of Universal Credit 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.
20. The Council's Revenues and Benefits service, and Housing Service look to identify those residents that require Assisted Digital Support and Personal Budgeting Support as the DWP do not provide these services. Referrals are

made to the Citizens Advice Service, who provides the support services. Whilst the Council receives funding from the DWP for these services, the DWP have reduced the guaranteed funding for these services in 2018/19.

### **Impacts on Claimants and Other Support/Advice Providers**

21. Local impacts were discussed in detail at the Committee meeting in March and the information provided by the support agencies was particularly helpful in gaining a better understanding of the local impacts for both the organisations and the residents. We have been in further contact with the Citizens Advice Bureau who have submitted an update on the impact of UC (attached as Appendix A to the report).

## **IMPLICATIONS**

### **Place (Includes Sustainability)**

None Specific.

**Author: Jane Greer, Head of Community Wellbeing, on behalf of for Graeme Bloomer, Head of Place**

### **Finance (Includes ICT)**

Arrears are closely monitored both on Council Tax and Housing Rents which may require additional resources allocating to the bad debt provisions if recovery proves difficult to achieve. Resourcing the additional and more complex work is also a concern in terms of potential requirements for additional staffing to be able to deal with the changes that UC is creating.

**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)**

None Specific.

**Author: Colleen O'Boyle, Interim Head of Governance**

## **Appendices**

Appendix A – Update on the Impact of Universal Credit from the Citizens Advice Bureau

## **Background Papers**

None.

## **Glossary of terms/abbreviations used**

DHP – Discretionary Housing Payments

DWP – Department for Work and Pensions

UC – Universal Credit