

Report of the Finance Director to the meeting of the Corporate Overview & Scrutiny Committee to be held on 1 December 2016

Z

Subject:**Universal Credit****Summary statement:**

The Department for Work and Pensions introduced Universal Credit across the Bradford District in November 2015. Currently, only single, newly unemployed working age residents can apply.

This report sets out progress in rolling out Universal Credit, both locally and nationally, and the support arrangements that have been introduced to support residents claiming Universal Credit

Stuart McKinnon-Evans
Director of Finance

Portfolio:**Leader of Council**

Report Contact: Martin Stubbs
Assistant Director, Revenues,
Benefits & Payroll
Phone: (01274) 432056
E-mail: martin.stubbs@bradford.gov.uk

Overview & Scrutiny Area:**Corporate**

1. SUMMARY

- 1.1. The Department for Work and Pensions introduced Universal Credit across the Bradford District in November 2015. Currently, only single, newly unemployed working age residents can apply.
- 1.2. This report sets out progress in rolling out Universal Credit, both locally and nationally, and the support arrangements that have been introduced to support residents claiming Universal Credit

2. BACKGROUND

- 2.1. Universal Credit (UC), is one of the key welfare changes underpinning the Government's overall welfare reforms. It will replace six benefits and tax credits with a single monthly payment; and changes the way in which benefit claimants are assessed. The benefits and tax credits that fall within the scope of UC are;
 - Income-based Jobseekers Allowance
 - Income-based Employment and Support Allowance
 - Income Support
 - Working Tax Credit
 - Child Tax Credit
 - Housing Benefit
- 2.2. UC was introduced in the Bradford District in November 2015, and has, so far, been restricted to single newly unemployed people. the Council has recently learned that couples and families will start to apply for the new benefit from March 2018.
- 2.3. Corporate Overview and Scrutiny Committee received a report in September 2015 that detailed the operation and implementation of UC, highlighted some of the cultural, organisational and logistical challenges and concerns faced by residents, the Council and others, and the action taken to respond to these challenges.
- 2.4. This report provides an update on the roll out of UC across the district, the actions taken in response to the challenges of UC and on the support arrangements put in place to help residents.

3. OTHER CONSIDERATIONS

- 3.1. Full national roll out of UC for all working age claimants is expected to be completed by 2021-22. As the roll out progresses, the administration of Housing Benefit for working age claimants by the Council will reduce until it ceases to be a Council function.
- 3.2. The Government has announced, however, that the housing element of UC will not include the additional costs of supported accommodation and that a new fund will be established for this purpose. The Council will be charged with administering the



new fund. However, details of the mechanism by which this will work, the size of the fund locally, and the extent to which it will meet local need, are not yet known.

- 3.3. There are no plans, at this stage, for Pension age residents to fall within the scope of a national benefit. Pensioners will, therefore, continue to claim their benefits in the current manner; with the Council retaining responsibility for administering their Housing Benefit.
- 3.4. The DWP has put a number of support arrangements in place, such as coaching and training better tailored to the claimants' circumstances. However, the Government has recognised that Local Authorities are best placed to provide this support locally. Locally provided support, by both the Council and DWP, is outlined in Appendix 1
- 3.5. To formalise the working relationship between the DWP and the Council a framework agreement, known as Universal Support - delivered locally (USDL), has been established. This includes the Delivery Partnership Agreement, which sets out how UC support arrangements will be delivered at the local level; including the establishment of a 'Local Delivery Partnership' to deliver specific support services to claimants.
- 3.6. The scope of the USDL agreement is set out in Appendix 2. The current agreement ends on 31 March 2017; a new agreement will be negotiated for 2017/18, informed by the lessons learnt to date.
- 3.7. The local delivery partnership was established to; gain a better understanding of the needs of claimants and those that will support them; identify the infrastructure arrangements that will be needed; and to develop options to mitigate the adverse impacts on claimants, Council services, and other providers.
- 3.8. The local delivery partnership has mapped the District's PC assets, both with and without mediated support. Comparing this with high levels of benefit claims and/or propensity to access service on-line, will allow the focused use of resources, especially any DWP funding that is available
- 3.9. To ensure that the introduction of UC and its impacts were fully considered within the welfare reform agenda, the work of the local delivery partnership was overseen by the Welfare Reform Strategic Coordination Group. The outcome of the Scrutiny Poverty Review was to bring welfare reform within the broader scope of the poverty agenda. A new strategic poverty group is being established and the work of the local delivery partnership will be aligned to the priorities of this new strategic group.
- 3.10. Currently, figures provided by DWP are primarily the number of live UC claims, and how many of those are in work. The latest figures from the DWP show that there are 3415 people claiming UC, of which;
 - 1287 claimants are in employment
 - 2128 claimants are not in employment



- 3.11. Table 1 in Appendix 3 provides a comparison of UC uptake by West Yorkshire authorities from April. It should be noted that UC was introduced in each of the WY LA's at a different time. Table 2 shows the breakdown between UC claimants in employment and those that are not in employment. The proportion of UC claimants in employment has risen slightly since April. However, it is unclear to what extent this is due to increased employment, the way UC claims are counted, or some other contributory factor.
- 3.12. The housing element of UC is paid directly to the claimant with the expectation that this, together with any additional amount necessary, will be used to pay the landlord the rent due. To mitigate concerns about claimants' ability to manage their budget and pay their rent, Alternative Payment Arrangements are available in some circumstances. This might mean a claimant having a managed payment made to their landlord, a split payment, or a more frequent payment. It is not clear locally how this is evolving in the district, but national information suggests that payment direct to landlords is proportionately the same as under the current HB system.
- 3.13. Experience from other parts of the Country that have already gone live with UC, on a more comprehensive basis, suggest that rent collection rates, at least initially, have reduced; typically a reduction of 5% to 10%. A similar trend seems to be emerging in Bradford
- 3.14. As part of the Delivery Partnership Agreement, the Council has put arrangements in place with Incommunities and Citizens Advice Bureau to provide Personal Budgeting Support (PBS). These arrangements will run until 31/3/17, and will be reviewed as part of the new USDL agreement. PBS is about helping claimants adapt to 3 key changes:
- a single household payment
 - being paid monthly and
 - rent paid directly to the claimant instead of to the Landlord
- 3.15. Claimants who require PBS are identified by the DWP, in the first instance, as part of its claimant support process. The DWP then pass details of claimants who need money advice to the Council. There have been 95 people referred by the DWP for PBS since UC was first introduced in the district. Emerging findings from this work suggest this cohort require debt advice as much as they need budgeting skills; this has been fed back to the DWP. Further work is underway to gather more information about the cohort, for instance, are there any common features that mean this group require a greater level of support

Universal Benefit and Budgeting Calculator

- 3.16. A new Universal Benefit and Budgeting calculator has been purchased and will be publicly available from December. Key features of this new tool include;
- A budgeting calculator to help with everyday planning and budgeting
 - A Universal Credit calculator, which enables a financial comparison between UC and the current benefits system
 - A better off in work calculator that links earnings or changes in earnings to benefit eligibility to demonstrate the advantages (or otherwise) of being in work



- 3.17. Advisors will have access to the full system to use to support their clients. Initially, the Council's Customer Service advisors and Housing Options team, the Citizens Advice Bureau and Incommunities will have access to the system. Other advice agencies could be included in the future.
- 3.18. Residents will also be able to use the calculator as a self service tool via the Council's website. They will not need to involve an advisor at that stage. If, however, they decide they need further support from an advisor, the calculator is linked to each of the participating advice services.

Advice Services

- 3.19. A re-commissioning process for advice services, has taken place with an evaluation of existing services; feedback and input from service users, providers and a wide range of stakeholders; an epidemiological needs analysis; two market development events & tender ready training for providers.
- 3.20. The new service specifications require the delivery of high quality tailored services which are accessible for a range of communities. They need to offer; value for money (VFM); be person centred; tackle long waiting times and repeat and/or wasted demand; demonstrate partnerships with key organisations and be available through a range of flexible routes and/or media. The contracts (offered over a period of 4 plus 1 years) have been let on a 'transformational basis' in recognition of the scale of change required across services and performance monitoring will include progress against the change programme.
- 3.21. Providers will be required to:
- Develop and maintain effective partnerships and be responsible for encouraging a multi-agency approach to Service User needs and outcomes including putting in place data sharing agreements;
 - Strengthen links between key stakeholders and Service Users and shall champion collaborative working, including assertive engagement with those heading into crisis;
 - Work with the Department of Work and Pensions initially to support the planning for the full migration to Universal Credit, to reduce the impact of sanctions and the risk or resulting debt; and work in the future to respond effectively to legislative and policy change;
 - Work with other agencies to support Service Users to access computers and the internet to ensure they can claim benefits appropriately;
 - Work with the Council and other agencies to assess the impact of changes in national legislation and policy, identifying local approaches and working in a co-ordinated way;
 - Support policy development in relation to national changes
- 3.22. The successful organisations, with contracts to start on 14 January 2017, are detailed in Appendix 4.



Other Matters

- 3.23. In December 2015, the Secretary of State asked Eric Ollerenshaw OBE to lead an independent review of local council tax support schemes. A key objective of the review was to “...make recommendations as to whether or not the schemes should be brought within Universal Credit.” In March 2016, Ollerenshaw published his report - Three Years On: An Independent Review of Local Council Tax Support Schemes (the Ollerenshaw report).
- 3.24. The review found that local government has effectively implemented council tax support schemes, despite difficult circumstances. Ollerenshaw concludes that Government should consider providing councils with a much wider range of freedoms and flexibilities, so that local council tax support schemes can be truly local. He further concludes that local council tax support schemes should not be moved into Universal Credit at this time. The Government has, to date, been silent on the findings of the review and on the recommendations made in the report

4. FINANCIAL & RESOURCE APPRAISAL

- 4.1. The DWP has said that the total level of annual funding will be determined with reference to the estimate of total service cost. The funding will be adjusted where service interventions contribute to the achievement of shared strategic objectives common to both DWP and the Council and where central and local government funding is already provided for the provision of services. The Council will be expected to continue to provide welfare advice and support, housing advice and solutions to their residents from existing funding arrangements.
- 4.2. The gradual removal of Housing Benefit for working age residents will lead to a reduction in the amount of administration funding the Council receives. There will also be a consequent reduction in staffing requirement. The implications for staffing are not yet known; as these become clearer and better understood, consultation will take place with trade unions and affected staff. There may be some marginal off-set of these reductions as a result of the implementation of new arrangements needed to support Universal Credit. The timing and scale of these reductions is not yet known; and will be dependent upon progress in rolling out UC to include all working age claimants.

5. RISK MANAGEMENT AND GOVERNANCE ISSUES

- 5.1. If, following re-negotiation of the USDL framework agreement, the Council chose not to be involved in the development of local support arrangements, the onus would fall on the DWP to develop and ensure their delivery.
- Engagement with the DWP on the delivery of local support will better assure that issues of concern to the Council and the district are addressed.
 - Failure to engage would leave the Council open to criticism if vulnerable residents are not able to transition successfully to the new arrangements



6. LEGAL APPRAISAL

- 6.1. The primary legislation enabling the introduction of Universal Credit is contained in the Welfare Reform Act 2012.
- 6.2. There is no statutory requirement for the Council to participate in the development and delivery of support arrangements for residents affected by the introduction of UC.
- 6.3. Section 17 of the Children's Act 1989 places a duty on Local Authorities to safeguard and promote the welfare of children in need. Those unable to move into work may not be able to mitigate the impact of the welfare reforms that reduce entitlement to benefits. This could increase demand for support from Council services and other providers.
- 6.4. The Council can provide financial support for certain housing costs. The legislation enabling the payment of Discretionary Housing Payments by the Council is contained in the Discretionary Financial Assistance Regulations 2001.

7. OTHER IMPLICATIONS

7.1 EQUALITY & DIVERSITY

- 7.1.1 There are no Equality and Diversity issues for the Council arising from the introduction of Universal Credit as this is a Government scheme.
- 7.1.2 Any Equality and Diversity issues relating to local support arrangements for Universal Credit claimants will be addressed as part of the development and implementation of the Delivery Partnership Agreement.

7.2 SUSTAINABILITY IMPLICATIONS

None

7.3 GREENHOUSE GAS EMISSIONS IMPACTS

None

7.4 COMMUNITY SAFETY IMPLICATIONS

None

7.5 HUMAN RIGHTS ACT

- 7.5.1 There are no Human Rights issues for the Council arising from the introduction of Universal Credit as this is a Government scheme.

7.6 TRADE UNION

- 7.6.1 The trade unions have been kept up to date, through Departmental Consultation meetings, on the proposals for the implementation of Universal Credit. The Revenues and Benefits Service may be required to review its organisation design in Benefits administration. This process will comply with Bradford Council's policies and procedures on Trade Union consultation and workforce change.



7.7 WARD IMPLICATIONS

Not Applicable

**7.8 AREA COMMITTEE ACTION PLAN IMPLICATIONS
(for reports to Area Committees only)**

Not Applicable

8. NOT FOR PUBLICATION DOCUMENTS

None

9. OPTIONS

N/A

10. RECOMMENDATIONS

That Corporate Overview and Scrutiny Committee;

- consider the issues raised in this report, the likely impacts on the district's residents, the Council, and other providers and agencies and provide any comments and views for consideration by the local delivery partnership

11. APPENDICES

Appendix 1: Support for Universal Credit Claimants

Appendix 2: USDL – Scope of the Agreement

Appendix 3: Universal Credit Claimant Count

Appendix 4: Advice Service Contracts

12. BACKGROUND DOCUMENTS

- Welfare Reform Act 2012
- Children's Act 1989
- Discretionary Financial Assistance Regulations 2001
- DWP: Universal Credit Statistical Releases.
<https://www.gov.uk/government/collections/universal-credit-statistics>



Support for Universal Credit claimants

Personal budgeting support

Intended to help claimants manage their money as they move onto UC. The DWP work coach will discuss budgeting support with the claimant and whether they need help managing their money.

There are three possible outcomes:

- They may not need any support
- They may be happy to use online budgeting tools to help themselves
- Some claimants will be referred to the LA for budgeting support.

Alternative payment arrangement

These arrangements help support claimants who can't manage the monthly UC payment. APA's can be set up if there is a risk of financial harm to the claimant. For example, those that have drug, alcohol or gambling addictions, or have rent arrears, multiple debt problems, learning difficulties etc. They may choose to:

- Pay the UC housing element as a managed payment to the landlord
- Make more frequent payments than monthly
- Split the payment award between partners

Landlords can request managed payments and decisions are made on a case by case basis. APA's are expected to provide a short to mid-term solution and will be reviewed; only exceptionally will they become a long-term solution.

UC Advance

An advance payment of a claimants future award of UC., which is then recovered from subsequent payments over the next six months. Purpose of the advance:

- To provide emergency funds if a claimant doesn't have enough money to support themselves through the 5 week period until their first UC payment
- Provide access to financial support where a change of circumstances would increase their UC award (for example, birth of a child).
- Provide an interim payment if their benefit can't be paid for technical reasons.

If a claimant's UC advance is turned down, they may be signposted to the Council for support – DWP cite Local Welfare Provision.

Budgeting Advances

Interest free advance for one-off items for claimants that have been continuously receiving an income related benefit for 6 months and have no income or a very low income. Can help buy furniture, household equipment, clothes, pay rent in advance to secure a tenancy, help with maternity expenses, help cover the costs of starting work etc. Budgeting advances provide an alternative type of support to LWP provision for UC claimants.

DHP

The DHP fund will still be administered by the Council. A UC claimant would receive their housing costs through UC – however, if they wanted to apply for a DHP they would apply to the LA.



Universal Support - delivered locally
Scope of the Agreement

As part of this Agreement, a 'Local Delivery Partnership' has been established in order to deliver specific support services to claimants, and to:

- Plan, monitor, review and evaluate the provision and delivery of local support services;
- Identify service providers and bring them together to fulfil the requirements of the delivery partnership agreement;
- Develop a 'local support roadmap' showing patterns of need and service delivery for meeting specific needs within the locality;
- Identify gaps in service provision or service provider capability or capacity;
- Improve the way services are delivered and co-ordinated; and
- Share information about UC and the development of the programme and learning from pilot and pathfinder activity.

Those services will be:-

- Provide support to UC Service Centre staff around housing cost issues.
- Support for claimants to make and maintain a UC claim on-line.
- Manual processing for Council Tax Reduction claims.
- Support for claimants who require personal budgeting support to manage their UC payments.
- Work with DWP locally in preparing landlords.



Universal Credit Claimant Count

Table 1: Uptake of UC by WY Authorities

Authority	Population	UC Start	April	May	June	July	August	September	October
Bradford	531,200	30/11/15	1,703	1,995	2,262	2,670	2,942	3,144	3,415
Calderdale	203,826	27/04/15	1,229	1,289	1,305	1,381	1,427	1,465	1,519
Kirklees	422,458	29/06/15	2,077	2,160	2,200	2,329	2,420	2,505	2,611
Leeds	751,485	01/02/16	1,202	1,617	2,061	2,615	3,084	3,431	3,951
Wakefield	325,837	18/04/16	39	169	349	592	810	1,008	1,257

Table 2: Employment status of UC claimnts

	April			July			October		
	In Emp.	Not In Emp.	% in Emp.	In Emp.	Not In Emp.	% in Emp.	In Emp.	Not In Emp.	% in Emp.
Bradford	515	1,190	30%	954	1720	36%	1,287	2,128	38%
Calderdale	483	746	39%	555	822	40%	610	905	40%
Kirklees	819	1,255	40%	954	1375	41%	1,152	1,462	44%
Leeds	342	859	29%	966	1648	37%	1,594	2,359	40%
Wakefield	16	22	42%	244	354	41%	550	703	44%



Advice Service Contracts

With effect from 14 January 2017

Lot 1: Complex and continuing health care conditions including those from the client groups relating to age, disability and sensory impairment, learning disability and mental health issues

Equality Together (formerly Disability Advice Bradford, Bradford Alliance on Community Care and CONTACT) is the lead agency with Age UK, Cancer Support Centre and Girlington Advice Centre as partner agencies. They also intend to sub-contract small amounts of work to Bradford and Airedale CAB and Pay & Employment Rights Service.

Lot 2: Bradford East constituency

Family Action is the lead agency with subcontractors: Karmand Community Centre delivering and West Bowling Advice & Training Centre

Lot 3: Shipley & Keighley constituencies including the town centres of, Bingley, Ilkley, Keighley and Shipley

Bradford and Airedale CAB with the Law Centre will deliver with Bangladeshi Community Association, Keighley, Windhill Advice Centre and Foundation Housing.

Lot 4: Bradford South constituency

CHAS @ St Vincent's will provide the service with Bradford and Airedale CAB.

Lot 5: Bradford West constituency including provision of advice in Bradford City Centre

Bradford and Airedale CAB with the Law Centre will deliver with Girlington Advice Centre, Manningham project and Foundation Housing.

