

## **Report of the Assistant Finance Director to the meeting of the Corporate Overview & Scrutiny Committee to be held on 21 February 2018**

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### **Subject:**

**Universal Credit**

### **Summary statement:**

This is an update of the reports that this committee received in September 2015 and December 2016 that detailed the introduction of Universal Credit in Bradford and 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

This report sets out progress of the roll out in Bradford, highlighting the key issues for the district and the actions taken, and planned, over the coming months and years to ensure it is implemented successfully

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## 1. SUMMARY

- 1.1. This is an update of the reports that this committee received in September 2015 and December 2016 that detailed the introduction of Universal Credit (UC) in Bradford and 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. The minutes of these meetings (Appendix 1) includes matters raised and discussed by Members.
- 1.2. This report sets out progress of the roll out in Bradford, highlighting the key issues for the district and the actions taken, and planned, over the coming months and years to ensure it is implemented successfully.

## 2. BACKGROUND

- 2.1. Universal Credit (UC) is one of the key welfare changes underpinning the Government's overall welfare reforms. It is important to differentiate between most of the welfare changes already made, which have predominantly seen reduced amount of entitlement to support, with the introduction of UC, which is not intended to reduce the benefits bill, but to simplify the system and ensure people are always better off in work.
- 2.2. UC replaces 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
- 2.3. Only people of working age will be able to claim UC. There are no plans 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.
- 2.4. The Government has taken a phased approach to rolling out UC across the country. Initially, what the DWP term 'UC Live Service' is introduced into an area and is restricted to single newly unemployed people. Live service requires claimants to make their claim online, but the claim itself is managed by phone. Live Service was introduced in the Bradford District in November 2015. There are currently 4,065 residents receiving UC in Bradford
- 2.5. The next stage is to introduce what DWP term 'UC Full Service' for all working age claimants. In full service areas, claimants have an online UC account to manage their claim; such as reporting changes and messaging their work coach and finding support. Full service will be introduced across the Bradford District during 2018.

- 2.6. The Government has recognised that Local Authorities are well placed to provide localised support to new UC claimants. The Council has entered into a framework agreement, known as Universal Support - delivered locally (USDL), with the DWP to help residents prepare for the introduction of UC and to manage the transition to monthly payments.
- 2.7. The implementation and operation of UC has faced increasing criticism, nationally, since the roll-out began. Concerns have been raised about the adverse impact that waiting six weeks to receive the first UC payment has had on claimants (and their families); an issue raised by Members during discussions at the September 2015 meeting.
- 2.8. Landlords have also identified that UC claimants have increased rent arrears compared to non-UC claimants, which has raised concerns amongst support agencies, and others, that some private landlords may not accept tenants claiming UC. A concern also raised by the Committee at the December 2016 meeting.
- 2.9. In the Autumn Budget statement (22 November 2017) the Chancellor responded to these concerns by;
- removing the seven-day waiting period for new Universal Credit claimants
  - increasing the amount a claimant can receive as an advance from 50% to 100% of their estimated entitlement, repayable over 12 months
  - giving claimants who were previously receiving Housing Benefit (HB) and are moving on to Universal Credit a transitional (non-recoverable) payment of two weeks support
  - issuing new guidance to DWP staff to ensure that claimants in the Private Rented Sector, who have managed payments to landlords for their legacy HB, are offered this option when they join Universal Credit, provided the relevant criteria continue to be met
- 2.10. A briefing note previously circulated to committee Members (Appendix 2) outlines the position before the changes to UC were announced, and considers some of the key issues those claimants may face.
- 2.11. The extent to which these measures will better support new UC claimants and provide sufficient assurances for landlords not to exclude UC claimants from renting property will not be known until much later this year: following the roll-out of full service UC across the Bradford District.
- 2.12. In order to implement these changes, the introduction of UC full service across the Bradford District, originally planned for March 2018, will now start in June 2018.
- 2.13. Despite this delay, the Government expects that the full national roll out will be completed by December 2018; and that UC will be fully implemented by the end of 2021/22.

### **3. OTHER CONSIDERATIONS**

#### **Timetable for the Bradford District**

- 3.1. Once full service is introduced across the Bradford District, existing claimants will continue their claim as they currently do until such time as they have a change of

circumstances that requires them to claim UC. This process of moving from existing claim arrangements to UC in this way is known as 'natural migration'; a list of qualifying changes of circumstances is provided in Appendix 3.

3.2. At a time to be confirmed between July 2019 and March 2022, the DWP will start to move any remaining claimants onto UC; a process known as 'managed migration'. It is not known at this time how that process will be implemented.

3.3. There will be different arrangements for those in Sheltered or Supported accommodation. The DWP is currently proposing that, from April 2020, housing costs for;

- Working age claimants in sheltered accommodation will be met through UC. (Sheltered accommodation is usually designated for older people with support needs, but can include working-age tenants where appropriate)
- long-term supported accommodation (where the landlord also provides the claimant with care, support or supervision) will be met through UC
- short-term and transitional supported accommodation will be met through a ring-fenced grant, administered by the Council; and will replace funding previously paid through Housing Benefit

#### **Timetable for the Bradford District**

- No new UC claims until full service is introduced (Live service closed to new applications 31/12/2017)
- Full service will be introduced across the Bradford District 20 June 2018 for all working age households with up to two children
- Full service will be extended to include all working age households with three or more children from Jan 2019
- Natural migration will start from the point at which claimants are able to claim UC (June 2018 or Jan 2019 as appropriate)
- Managed migration will happen sometime between July 2019 and March 2022. This is a broad window set out by DWP; a more accurate timescale has not yet been published
- From April 2020, the current proposal is that working age claimants in;
  - long-term supported accommodation or sheltered accommodation will have their housing costs met through the housing costs element of UC
  - short term and transitional supported accommodation will have their housing costs met through a new ring-fenced grant

Fig 1

#### **Impact on residents**

3.4. UC aims to simplify the benefits system by incorporating the six benefits and tax credits so that claimants only have to make a single application. It is also the intention that claimants will be better off in work by reducing support at a lower rate, because of earned income, than would be the case under the current system.

3.5. Applications for UC can only be made on-line, and claimants will be paid their benefits,

including support with housing costs, in a single monthly payment. This will, however, present a number of challenges for claimants, and those that support them, including;

- Access to the Internet
- understanding what is required by the application/assessment process
- having basic literacy and numeracy skills
- having a suitable bank account
- being able to budget monthly
- paying priority debts

3.6. The Government has said that anyone that is 'managed migrated' over to Universal Credit will not lose out in cash terms (subject to the limits of the Benefit Cap). DWP will compare the claimant's monthly UC entitlement at the point of transfer with their monthly income from benefits and tax credits just before the transfer.

3.7. The additional amount awarded as transitional protection in the claimant's UC award is not up-rated and remains at the same level throughout the UC award. Although the additional amount cannot increase, it can decrease if the overall UC award increases. Where this happens, the UC award will not change until all of the transitional protection is used up.

### **Impact on Housing Benefit and Council Tax Reduction**

3.8. As the roll out of UC progresses, the administration of Housing Benefit for working age claimants will reduce until it ceases to be a Council function. However, the Council will still administer Housing Benefit for Pension-age claimants. At the time of writing there are 4,065 people across the district on UC (1,237 are in work, 2,828 are not in work).

3.9. Currently, eligibility for CTR is considered as part of a Housing Benefit assessment to ensure claimants do not lose entitlement. The information required to make an assessment for CTR is the same as that required for assessing Housing Benefit. Consequently, for these 'joint' cases, the cost of undertaking the CTR assessment is minimised. Low income households without a housing benefit claim must apply separately for CTR; a comparably more costly assessment.

3.10. There are 36,626 working age HB claimants, 28,974 of whom are in receipt of CTR; i.e. 'joint' cases. Once claimants move on to UC, claims for CTR from all working-age claimants will have to be made by formal application process as is currently the case for non HB applicants. The overall administrative cost of CTR assessment will, therefore, increase.

3.11. Similarly, the link between Housing Benefit and Discretionary Housing Payment (DHP) will also be lost; increasing the cost of assessing DHP applications. There are 438 households currently in receipt of DHP.

3.12. DWP assess claimants' UC entitlement monthly, and notify the Council of changes if the claimant is in receipt of CTR. These continual revisions of liability will significantly increase the administrative burden of the CTR scheme for the Council. Each notification will have to be assessed; and a revised council tax bill issued if there is a change, however small, to CTR entitlement. Councils that have already moved to UC report collection difficulties as a result of continual revisions of liability that

monthly UC assessment creates.

3.13. To mitigate this, The Council has recently agreed that only changes in entitlement (individually or cumulatively) of £1 or more would require a new council tax bill to be issued.

### **Impact on housing providers**

3.14. Housing costs will be 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. This will create collection difficulties and landlords may need to look at how and when they collect their rent, and the level of support some of their tenants will need to make the transition to a single, direct, monthly payment. This will be more complex for landlords that have 'rent free' weeks.

3.15. It is likely that even with support, some tenants will not pay their rent, either in full or in a timely manner; resulting in increased rent arrears and the risk of eviction. Experience from areas that have already gone live with UC suggest that rent collection rates, at least initially, have reduced significantly.

3.16. There are a number of reasons why a tenant may fail to meet their rent liability, such as;

- an inability to manage a budget monthly
- using the money to pay other debts
- a conscious decision to use the money to meet an urgent short term need
- spending on addiction habits – such as drugs, alcohol and gambling
- using the money to 'see them through' while the work related element of their UC is sanctioned

3.17. Alternative Payment Arrangements for rent 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. However, this is only available to claimants who genuinely cannot manage the single monthly payment, and as a result are at risk of financial harm to themselves and/or their family.

3.18. Incommunities report that "...there are currently 371 of their customers in receipt of UC. Officer time to help set up claims and maintain rent payments has increased from 1.5 hours under the previous legacy benefit arrangements to 4 hours per UC claimant. At the same time customer debt of UC claimants has risen by an average of £249.20. The majority of time spent with customers is helping manage the journey through the claim process and chasing payments thereafter. A third of customers who did not have a rent debt of more than 8 weeks at the point of UC application did so after the claim was sorted; this is a mixture of time taken to set up the UC claim and the time taken to make a rent payment to Incommunities."

3.19. Nationally, there has been at least one instance of a private landlord indicating that they will no longer accept tenants claiming UC. Whether such blanket prohibitions would be applied in Bradford is questionable, but potentially peoples' options could become more limited, i.e. people with an arrears history, increasingly moving in to less satisfactory accommodation.

- 3.20. Key messages for landlords are, therefore, around the need to change rent periods to match the monthly UC payment cycle and more generally about supporting tenants transferring onto UC (and then into work) and options for recovering rent arrears.
- 3.21. To better communicate and engage with private landlords and agents, we have set up Stay Connected newsletter, which now has over 1,000 subscribers, and updated information on the Council website. It is worth noting that previous attempts to engage with private landlords have met with limited success, but Stay Connected does seem to have significantly expanded our reach.

### **Support for those claiming UC**

- 3.22. Whilst UC is a significant change for our residents, it is also a significant change for those charged with supporting them and no one yet knows the true impact nor the best means of support.
- 3.23. Claimants will need to be able to apply for, and maintain, a UC claim; and to manage their financial affairs effectively. For some, the introduction of UC will not cause any undue difficulties, but some will need help; some at a very basic level while others may require more intensive support.
- 3.24. The Council is working with the DWP, Advice Services and representatives of social landlords, through the Universal Support Delivered Locally (USDL) working group, to prepare the district and its residents for the introduction of UC full service.
- 3.25. The district wide arrangements, commissioned by the Council, for the provision of advice services reflect the need for advice and support as a consequence of the introduction of UC. To ensure a coherent approach to supporting the district's residents, the Advice Service contract holders have representation on the USDL working group.
- 3.26. In addition to the support provided by the advice services, the Council continues to support the work of the Bradford District Credit Union; including providing funding for the delivery of financial inclusion work. They now have a budgeting account that will help those who may struggle to budget monthly
- 3.27. The Council's Local Welfare Assistance scheme, which provides the safety net to avoid the most severe impacts of welfare reform, is being reviewed to ensure it still provides the maximum benefit from its limited funding.

### **Personal Budgeting Support**

- 3.28. The Council has put arrangements in place with Incommunities and Citizens Advice Bureau to provide Personal Budgeting Support (PBS). 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
- 3.29. Some claimants will need no or minimal support while others may require more intensive support; such as creating e-mail accounts, opening bank accounts, maintaining claimant commitment and updating journals. The purpose is, ultimately,

to help people to manage on their own without the need for on-going support.

- 3.30. Claimants needing PBS are identified by the DWP as part of its claimant support process, and the details passed to the Council. There have been 253 people referred for PBS since UC was introduced. While only a small number so far, once UC full service is introduced the number of referrals will increase.
- 3.31. PBS has never been considered before and a sub-group of the USDL group, including Council Officers, the DWP, the advice sector and social landlords, continues to plan for the anticipated rise in demand for PBS and has piloted different approaches. The latest trial has seen a member of staff from a social landlord spend a day a week in 3 local job centres to provide PBS and to enhance working relations with the DWP. Early results are promising. While the number of referrals has remained about the same, around 85% of referred claimants are now taking up PBS - previously uptake was around 35%.
- 3.32. Emerging findings from the work with those receiving PBS also suggests that this cohort requires debt advice as much as they need budgeting skills; this has been fed back to the DWP. The Chancellor, in his Budget statement, said that Government is currently exploring with Citizen's Advice the scope for greater collaborative working to help claimants locally as they move to Universal Credit, and hope to be able to offer an update on this in due course.

#### Digital Support

- 3.33. The Council's website includes the latest information on the requirements of UC, and sources of other support, so that residents can be better prepared if they have to claim UC. It also details places where residents can get access to a computer, and support to make an application for UC, including Customer Services, advice services, housing providers, libraries etc.
- 3.34. Once UC full service is introduced, it is anticipated that the need for digital support will increase and support needs may be greater than just providing access to the internet and helping with applications. The Council has agreed with the DWP, through the delivery partnership agreement, to provide this support; known as Assisted Digital Support (ADS). An outline of the objectives and work covered by the agreement is provided in Appendix 4.
- 3.35. Arrangements are currently being finalised for the provision of ADS through the Council's Customer Service teams and partners in the Advice and Social Housing sectors. Planned enhancements to the Council's website will include details of where ADS can be accessed.

#### Benefit Calculators

- 3.36. A Universal Benefit and Budgeting calculator has been purchased that enables users to better plan their finances, and understand how UC and earnings from work will affect their household income. 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 of being in work, or of increasing their



earnings

- 3.37. Advisors working in the Council's Customer Services and Housing Options teams, Citizens Advice Bureau and Incommunities have access to the full system (other advice agencies could be included in the future). There are currently 32 advisors using the full system to support their clients.
- 3.38. Residents can also use the calculator as a self service tool via the Council's website. They do 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.

### Communications

- 3.39. Until recently, additional resource has been allocated to the Council's Marketing & Communications team to ensure our work, and that of our Partners, in preparing residents for these changes was co-ordinated. The Officer undertaking this work has moved on to another organisation and we are currently recruiting to this post.
- 3.40. Information for new or potential UC claimants is provided on the Council and Partner websites. This includes information on what claimants will need to do to prepare themselves for UC. This includes a link to the DWP website which has a tool that claimants can use to test their readiness for UC, and what further steps they might have to take. The test can be found at;  
<https://www.bradford.gov.uk/benefits/universal-credit/universal-credit/>
- 3.41. The Council will increasingly promote the requirements of UC and the support that will be available leading up to the introduction of full service, and beyond, through a number of communication channels including online, social media, frontline services, advice services etc.
- 3.42. To support our residents, it is vital that all our staff and Members have a good understanding of UC and are able to support those that may struggle when they move on to it. In addition, many Council employees may also be required to claim UC themselves, so it is equally important that they understand how UC will affect them.
- 3.43. An e-learning training package has been developed which provides an overview of Universal Credit. This will be made available to all Council officers from February 2018; with senior management committed to encouraging all their staff to participate. It will also be available to Members, and a Councillor 'drop-in' session on welfare reform, including UC, is planned for March.
- 3.44. Training on the more technical aspects will be rolled out to appropriate staff in advance of Universal Credit Full Service being launched in June 2018.

### Understanding Impacts

- 3.45. Building on previous work about the impact of welfare reform on the district's residents, generally, analysis work has been commissioned that will, over time, provide greater, and more holistic, insight into the impact of UC, changes to the Council's CTR scheme, the reforms to welfare, and the cumulative financial impact on household incomes and poverty. The results of the analysis will be disseminated to relevant services and bodies; and will be of particular interest to the anti-poverty

coordination group which has a broader remit than just the impact of UC.

- 3.46. To better understand and respond to the impact that paying UC directly to claimants will have on rent collection and arrears, two 'Direct Payment' pilot studies have been undertaken in conjunction with Incommunities and Manningham Housing association (MHA). For the pilot exercise, HB was paid directly to the tenant in 20 cases (in each pilot) where previously it had been paid to the landlord.
- In the case of the Incommunities pilot, only 13 cases retained direct payments. The remaining 7 reverted to having their HB paid to the landlord. Of these, 2 were ended at the request of the participants who were struggling to manage their finances; the remaining 5 were cancelled because they fell into significant arrears
  - In the case of the Manningham Housing pilot, and at the end of the pilot 18 still retained direct payments. However, Manningham reported that the management of these 20 accounts did take a disproportionate amount of a Housing Officers' time. Despite this, they are keen to expand the pilot to test and refine their administration processes and increase the number of claimants receiving direct payment of HB.

#### **4. FINANCIAL & RESOURCE APPRAISAL**

- 4.1. The gradual removal of Housing Benefit for working age residents will lead to a reduction in the amount of administration funding the Council receives. This will accelerate over the coming years. However, 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.
- 4.2. The collection of Council Tax and Housing Benefit overpayment debt from UC claimants will become more problematical; certainly over the short-term and may continue for some time. While existing problems when obtaining an attachment to a claimants UC account would be expected to continue, experience to date shows that requests are not being handled in a timely manner. The delay means that, if the attachment is applied, it is so late in the year that the debt cannot be collected in year - leading to multi-year debt - or if it is refused, the delay has fettered other, more timely, means of recovery.
- 4.3. The problem of collecting debt may also be compounded by UC claimants not applying for CTR to which they may be entitled. Because they cannot pay the full charge they fall into arrears very quickly. We can send an invite to claim, however, the citizen is not forced to return the CTR application.

#### **5. RISK MANAGEMENT AND GOVERNANCE ISSUES**

- 5.1. Failing to make staff aware of these changes could have a negative impact on service processes and service delivery and consequently on the residents of the district. To enhance Officers' understand the operation of Universal Credit, and the potential impacts on services and service delivery, a training package is being developed and will be deployed across the Council. Members will also have access the training package.

## **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**

There are no Equality and Diversity issues for the Council arising from the introduction of Universal Credit as this is a Government scheme.

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**

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**

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**

None

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

None

**8. NOT FOR PUBLICATION DOCUMENTS**

None

**9. OPTIONS**

N/A

**10. RECOMMENDATIONS**

That Corporate Overview and Scrutiny Committee;

- note progress made in the development of arrangements to support residents, and in responding to adverse impacts on Council service delivery
- 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: CO&SC meeting minutes – 8 September 2015 & 1 December 2016
- Appendix 2: Universal Credit Briefing Note
- Appendix 3: Changes in circumstances that mean a claim for UC
- Appendix 4: Assisted Digital Support Requirements

**12. BACKGROUND DOCUMENTS**

- CO&SC Report: Universal Credit, 1 December 2016
- CO&SC Report: Universal Credit, 8 September 2015
- Welfare Reform Act 2012

## Minutes of CO&SC meeting – 8 September 2015

### UNIVERSAL CREDIT

The Department for Work and Pensions was introducing a new benefit payment system called Universal Credit. This would change the way housing and employment related benefits were assessed and paid.

The introduction of Universal Credit would create significant challenges for the district and its residents; by creating a new relationship between citizens and the state, reshaping the services and infrastructure necessary to deliver Universal Credit, and required the development of new or revised arrangements to support residents.

The Director of Finance submitted a report (**Document “P”**) which set out the challenges and expectations that the introduction of Universal Credit created for the Council, residents and other providers.

The Assistant Director, Revenues, Benefits and Payroll gave a summary of the emerging issues affecting the implementation of Universal Credit in the district as well as the challenges and the expectations. He added that Universal Credit would go live on 30 November 2015; however it would be rolled out on a gradual basis.

The Assistant Director alluded to the support arrangements that would have to be in place to help residents apply for and claim the new benefit, stressing that he was confident that the arrangements with the Department for Work and Pensions (DWP) would be in place to deliver the Credit, which would also include an Agreement which sets out how Universal Credit support arrangements would be delivered at a local level.

The Assistant Director acknowledged that he envisaged some problems with the new benefit; particularly in relation to larger families and that more support may be required for this cohort of claimant, however in general he was confident that the Council had prepared well for the introduction and roll out of the new benefit.

During the discussion Members asked a number of questions, the questions together with the responses are detailed below:

- A Member commended the Assistant Director for providing a detailed and comprehensive report, however she expressed a concern that given Universal Credit would be paid in arrears and a claimant receiving their first payment would have to wait 1 month and 7 days, and this could cause hardship. In response the Assistant Director stated that this concern had been highlighted to the DWP from the outset and that some help would be available in the form of an advancement payment on Universal Credit which claimant's could apply for.
- In relation to a question regards landlords and Universal Credit, the Assistant Director stressed that although work on the Credit had taken place with Social Landlords, he envisaged problems with some of the private sector landlords, in particular as Bradford had a large number of them. In addition only the landlords the Council paid Housing Benefit to were on a register of landlords, however colleagues

in Private Sector Housing would have this information, but historically contacting private sector landlords had been difficult.

- In relation to a question on how staff in the Service were equipped to deal with the new changes and if there was a concern that experienced staff may be lost, the Assistant Director stated that he was confident that staffing arrangements were in place to deal with the administration of the new benefit and he did not foresee any immediate staffing issues.
- In response to a question regarding the provision of advice to claimants and the Councils shift in the provision of advice services, the Assistant Director acknowledged the challenges and stated that the re-commissioning of the advice services was being progressed and that how advice on Universal Credit was provided would be addressed as part of this.
- In response to a question regarding the impact of the welfare changes and whether Children's Services were aware of any emerging issues, the Assistant Director stated that the impact of the welfare changes were being tracked by senior management within Children's Services and its potential impacts, in particular on larger families. In addition the Assistant Director stated that the Bradford District Partnership was also looking at the impact of the welfare changes which consisted of Council representatives, as well as Housing Associations, Police, Probation and members from the voluntary sector.
- In relation to a question on the cost of administering the new benefit, the Assistant Director stressed that they were confident the benefit could be administered within the agreement reached with the DWP; however other aspirational work around the wider aspects of poverty would be difficult to deliver in the context of Universal Credit.
- In response to a question on the governance and reporting arrangements for the Local Delivery Partnership that would be responsible for specific support services for claimants, the Assistant Director stated that membership of the Partnership was still being finalised, however it was intended that progress and outcomes would be tracked as Universal Credit is rolled out.

**Resolved –**

**(1) That this Committee requests that a progress report relating to the implementation of Universal Credit, as well as the development of the Local Delivery Partnership be presented to this Committee in 9–12 months.**

**(2) That a progress report be presented to this Committee in 6 months time on the re-commissioning of Strategic Advice Services and on the work undertaken by the Strategic Coordination Group.**

***ACTION: Assistant Director, Revenues, Benefits and Payroll***

## Minutes of CO&SC meeting – 1 December 2016

### UNIVERSAL CREDIT

The Director of Finance submitted a report (**Document “Z”**) which set out progress in rolling out Universal Credit, both locally and nationally, and the support arrangements that had been introduced to support residents claiming Universal Credit.

The Assistant Director Revenues, Benefits and Payroll explained that Universal Credit was introduced in the Bradford District in November 2015, and had, 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.

The Department for Work and Pensions had put a number of support arrangements in place, such as coaching and training better tailored to the claimants' circumstances. However, the Government had recognised that Local Authorities were best placed to provide this support locally. Locally provided support, by both the Council and DWP, was outlined in Appendix 1 to Document “Z”.

To formalise the working relationship between the DWP and the Council a framework agreement, known as Universal Support - delivered locally (USDL), had been established. This included 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.

The scope of the USDL agreement was set out in Appendix 2 to Document “Z”. The current agreement ends on 31 March 2017; a new agreement will be negotiated for 2017/18, informed by the lessons learnt to date.

During the discussion Members asked a number of questions which are detailed below with the responses.

In relation to a question on the full extent on the number of people claiming UC, it was explained that currently 55,000 families claimed tax credits, of this how many were in receipt of UC or housing benefit was difficult to extrapolate.

In response to a question regarding pensioners it was pointed out that although pensioners were outside of the scope of UC, currently 20,000 pensioners received Council Tax support and just a slightly lesser number were in receipt of housing benefit.

A Member stated that as a result of housing benefit changes being paid directly to the claimant, rent collection rates may fall as a consequence and this may have a corresponding impact on the budgeting support that would be offered as part of Universal Credit. In response the Assistant Director acknowledged that there were a number of issues he could foresee, including the fact that Universal Credit was paid in arrears, this could lead to claimants being in arrears with their rent and it may be difficult in future to determine who was genuinely in arrears.

A Member stressed that the need to monitor those individuals most at risk. The Assistant Director stated that in relation to risk, people can move in and out of risk, depending on their circumstances, however the transitional nature of Universal Credit would allow people to make this transition and enable any problems to be identified at an early stage. The

Assistant Director also stressed that fewer people would be affected by the impact of Universal Credit, than the more profound impact resulting from the wider welfare reform changes.

A Member highlighted that vulnerable groups could be more at risk given the delays being experienced in relation to the commissioning of advice services.

In relation to the cap being placed on the amount of housing benefit an individual can claim, the Assistant Director confirmed that the relevant service was trying to engage with private landlords on the impact the changes will have on their tenants. On a related point a Member stated that the changes could lead to more private landlords refusing to house tenants in receipt of housing benefit, which in turn could place pressure on the social housing sector.

It was suggested that Members should be provided with further details on Universal Credit, together with information on the broader welfare changes, and it was therefore:

**Resolved –**

**(1) That a briefing note be circulated to Members of this Committee on Universal Credit, which includes its likely impacts and the number of people in the district that will be affected.**

**(2) That a briefing note on the broader welfare changes also be circulated to all Members of Council.**

***ACTION: Assistant Director Revenues, Benefits and Payroll***



## Universal Credit

### Overview

The Department for Work and Pensions (DWP) is introducing a new benefit payment system, called Universal Credit (UC). UC replaces a number of existing benefits, known as legacy benefits. Specifically these are, Job Seekers Allowance, Employment Support Allowance, Income Support, Child Tax Credit, Working Tax Credit and Housing Benefit.

UC went live in the Bradford District on 30 November 2015 but is currently only available to some unemployed single people. The scheme at present is known as Universal Credit Live Service (UCLS)

It is planned that UC Full Service (UCFS) will be rolled out in the district from **21 March 2018**. UCFS will be available to all claimant types, for example;

- singles
- families
- people in work
- couples
- people out of work
- people who are ill or disabled
- carers

From 21<sup>st</sup> March 2018 the only time someone of working age will be able to claim Housing Benefit is if they live in supported accommodation or if the household has more than 2 dependent children. It is currently planned that those living in supported accommodation will claim HB until March 2019, however this is subject to final confirmation. Claimants with 3 children or more will be unable to make a new claim for UC until November 2018.

Existing UCLS claimants in the district will need to transfer to the Full Service by creating a new online account, The DWP will write to them to advise what actions they need to take and by when.

The roll out of UCFS has to date averaged 5 job centres per month, from October 2017 the roll out is planned to increase to around 50 Job Centres per month. It is expected that all Job Centres will be UCFS by September 2018. This would mean that no new claims for legacy benefits would be possible from that date, subject to certain exceptions..

Pensioners are not currently within the scope of UC, and will continue to claim their benefits in the current manner. The Council will, therefore, retain responsibility for administering Housing Benefit for Pensioners.

Those of working age currently claiming Housing Benefit will migrate to UC either when they have a relevant change in circumstances, known as natural migration or are part of the managed migration process. The latter is planned to take place between July 2019 and March 2022 but there are no details yet as to how this will work in practice.

### Statistics

In August 2017:

- Around 590,000 people were on UC
- This is around 8% of the final caseload forecast by DWP
- 101 jobcentres (14%) operated the Full Service

- Around 227,000 people claimed UC via the Full Service

As roll-out continues this winter:

- 134 more jobcentres will launch the Full Service by the end of the year
- The UC caseload might rise by around 370,000 by April 2018, a 63% increase
- At least 90,000 more people might claim via the Full Service by Jan 2018
- On average 63,000 people a month might start a new UC claim till Jan 2018
- Of these 63,000 new starts, around 40,000 (64%) might wait at least six weeks for their first payment and the remainder at least five weeks

*Source; HoC Briefing Paper number 8096 Oct 17*

The DWP estimate that when full roll out is completed by March 2022 there will be around 7.3 million claimants in receipt of UC.

### **Key Issues**

Universal Credit represents a significant shift in the way claimants apply for, and maintain, their benefit payments, and in the way that those benefits are paid. The key points to note are;

- Claims for UCFS will be made and maintained digitally. Claimants will be expected to check the progress of their claim, details of payments and report changes of circumstances on-line. All claimants will be required to have an e-mail address and a bank account.
- The minimum wait before first payment is either 5 or 6 weeks, depending on a claimants' circumstances. With certain exceptions a seven day waiting period is applied before people can be entitled to UC. UC entitlement is assessed monthly and should be paid directly into the claimants account within 7 days of the last day of the monthly assessment period. This means that a new claimant is likely to wait one month plus 2 weeks (including the 1 week waiting period) for their first payment. People moving from existing legacy benefits to UC by natural migration, that is following a change in circumstances, don't have to serve the 7 day waiting period, their minimum wait for first payment would be 5 weeks. 36% of new UC claimants between May 2016 and June 2017 were not required to serve the 7 day waiting period, 64% were.
- Universal Credit advance payments are available to those who are in "financial need" and are waiting to be paid UC which the DWP think they will be entitled to. The maximum award of an advance is 50% of estimated entitlement . Any advance has to be paid back, the maximum repayment period being 6 months. In July 2017, 49% of new claimants in Full Service areas were paid an advance.
- UC claimants will have their benefits paid directly into their bank account in a single monthly payment, which will include any support with their housing costs that they are due. The claimant is expected to be able to manage their budget on a monthly basis (rather than two weekly as is now usually the case). This includes ensuring they pay their rent directly to their landlord.
- Some claimants may not be able to manage a monthly budget, for example because of their particular vulnerability, high levels of unmanaged debt, domestic dispute, lack of basic money management skills etc. In these cases the DWP could

agree to make an Alternative Payment Arrangement (APA). This could include payment of rent directly to the landlord, payment to individual claimants in cases of domestic dispute etc. APA's are expected to be a short-term solution, usually until the claimant has developed the necessary skills to manage their budget or a particular situation has been resolved. In a few instances, where circumstances dictate, the APA may be longer-term; but these are very much expected to be the exception rather than the norm.

- In all cases, UC claimants will have to agree a Claimant Commitment, which primarily sets out what they must do to increase their current earnings or prepare for and look for work. It will also include expectations about the actions a claimant needs to take in order to bring an APA to an end; such as getting budgeting advice. Failure to meet the agreed commitments could result in a reduction a claimant's overall UC payment or in sanctions.
- Changes made to UC since it was initially proposed do suggest that it will be less generous overall than the legacy benefits it replaces. These changes include the freezing of UC elements, reductions in work allowances for most claimants and limits to support for children and for adults with limited capability for work.
- Where existing claimants who migrate to UC are entitled to less support under UC than they were receiving through legacy benefits and tax credits, they may be entitled to a top-up payment so that they do not lose out at the point of transfer. However, this "transitional protection" will only be available to claimants moved onto UC by managed migration. There is no such transitional protection for claimants moving onto UC by natural migration

**Changes in circumstances that mean a claim for UC**

<i>Change of circumstance(s)</i>	<i>What could happen before UC?</i>	<i>What happens in a 'full service' UC area?</i>
<b>Change in employment status</b>		
On IB-JSA / IS / IR-ESA and start or increase working hours to satisfy WTC amount (to 16, 24 or 30 hours)	Claim WTC i	Claim UC
On 'legacy benefit', e.g. IB-JSA and HB, and start work but not enough hours to satisfy WTC	'Legacy benefits' adjusted	<b>Choice</b> – remain on adjusted 'legacy benefit' or claim UC if better off. See 'Swapping from 'legacy benefit' to claim UC' below
On WTC and hours fall below 16	Claim IS / IB-JSA	Claim UC
On IR-ESA doing permitted work and work becomes permanent, hours increase over 16 or other reason for not satisfying permitted work rules	Potential WTC claim	Claim UC
On CTC only and start work to satisfy WTC rules	Claim WTC	Remain on CTC and claim WTC
On WTC and increase hours	Stay on WTC	See choice above
On WTC and becomes sick	Claim IR-ESA	Claim UC
<b>Change in family circumstances</b>		
On IS / IR-ESA / IB-JSA / HB and household become responsible for a first child	Claim CTC	Claim UC
On WTC only and household become responsible for a first child	Remain on TC and claim CTC	See choice above
Lone parent on IS and youngest child turns	Unless another reason to stay on IS, claim	Unless another reason for staying on IS,

5	IB-JSA	claim UC
On IB-JSA and baby due within 11 weeks	Claim IS	Claim UC
Partner leaving / joining household. If it means a new claim to a 'legacy benefit', claim UC. For example:		
Couple on TC separate	Make separate claims for 'legacy benefits'	Both claim UC
Lone parent on IS becomes a couple	Claim e.g. IB-JSA or IR-ESA	Claim UC
Couple on IB-JSA with child under 5 becomes a lone parent	Claim IS / IB-JSA	Both claim UC
Single person under pension age on 'legacy benefit(s)'. Becomes a couple with person of Pension Credit qualifying age	Claim Pension Credit until UC fully rolled out across the country ii	Claim UC when fully rolled out
<b>Carers</b>		
Satisfies Carer's Allowance rules which means a new 'legacy benefit' claim	Claim the relevant benefit 'legacy benefit(s)' e.g. IS	Claim UC
On IS and stops being a carer	Unless another reason to stay on IS, claim IB-JSA	Claim UC
<b>Tax Credits (see also Change in employment status above)</b>		
TC renewal	Remain on TC	See choice above
On TC and change does not lead to a claim for a new 'legacy benefit' e.g. less income	Remain on TC	See choice above
<b>Sickness (see also Change in employment status above)</b>		
On IR-ESA and fails Work Capability Assessment (WCA) iii	Claim IB-JSA	Claim UC (if claimant challenges WCA and wins, remains on UC)
On IB-JSA and becomes sick	Claim IR-ESA	Claim UC
<b>Moving area / taking up a tenancy</b>		
HB claimant moves into 'full service' area (different Local Authority)	New claim for HB	Claim UC
HB claimant moves into 'full service' area (same Local Authority)	Remain on HB	See choice above
On TC / IS / IR-ESA / IB-JSA and takes up a tenancy	Claim HB	Claim UC
<b>Other</b>		
On IB-JSA and attends court / jury service	Claim IS	Claim UC
On IB-JSA and remanded in custody	Claim IS	Claim UC iv

On IS and ceases full time education	Claim IB-JSA	Claim UC
Income and /or capital goes over different threshold	Claim 'legacy benefit' (depending on income / capital rules)	Claim UC (depending on income / capital rules)
On contribution based JSA or ESA and believes entitled to IB-JSA or IR-ESA	Claims IB-JSA or IR-ESA	Claim UC (treated as a new claim)

### Swapping from 'legacy benefit' to claim UC

It is possible for those on 'legacy benefits' in a 'full service' area to choose to claim UC without a needing a change in circumstances. If so, UC 'full service' will contact benefit centres, local authorities and / or HM Revenue & Customs to stop the existing claim(s). Note the risk of gaps and delays in payment due to UC monthly payments in arrears and assessment periods.

### What if the claimant's UC is lower than their previous 'legacy benefit'?

Where a claimant on a 'legacy benefit' has to claim UC as described in this document, they will not be protected against any possible drop down to a lower UC amount. An example of a drop could mean the loss of £61 or £41 per week for a severely disabled person who is single, lives alone and receives the daily living component of PIP. However, there are many other examples and UC may be higher in other circumstances.

Transitional protection does not apply to these 'natural migrations'. Transitional protection will only apply for 'managed migration' cases when the DWP transfer the remaining people on 'legacy benefits' across to UC after the roll out is completed sometime in 2018 or later.

### Abbreviations

CTC	Child Tax Credit	IB-JSA	Income based JSA
PC	Pension Credit	UC	Universal Credit
ESA	Employment and Support Allowance	IS	Income Support
SSP	Statutory Sick Pay	WCA	Work Capability Assessment
HB	Housing Benefit	IR-ESA	Income related ESA
TC	Tax Credits	WTC	Working Tax Credit
		JSA	Jobseekers Allowance

### Endnotes

i The principle is that if on a 'legacy benefit' and it does not mean a claim for another 'legacy benefit', then they remain on the 'legacy benefit'.

- ii Pending legislation (specifically a Commencement Order) to make this change.
- iii Meaning 'not sick' / fails the 'limited capability for work test'.
- iv There is a potential problem with claiming UC here as Regulation 19 of the UC Regulations 2013 basically says no UC arises for a prisoner unless (amongst other things) they were entitled to UC immediately before becoming a prisoner (which included housing costs). Clearly, they would not have been so entitled. On the face of it, a classic 'catch 22'. We will update this when we receive clarification.
- v The rules are contained in each Commencement Order introducing 'full service' areas. See, for example, Article 7 (read with Article 4) of S.I. 2016 No.33.
- vi Regulation 5 Universal Credit (Transitional Provisions) Regulations 2014 No.1 230: IB-JSA and IR-ESA are abolished for affected claimants under separate provisions at Article 4 of The Welfare Reform Act 2012 (Commencement No.9 and Transitional and Transitory Provisions and Commencement No.8 and Savings and Transitional Provisions (Amendment)) Order 2013 No.983 ('the No.9 Order'); and similar provisions in individual Commencement Orders introducing 'full service' areas (see, for example, Article 4 of S.I. 2016 No.33).
- vii Article 4 No.9 Order and similar provisions in individual Commencement Orders introducing 'full service' areas (see, for example, Article 4 of S.I. 2016 No.33 – but note there is no reference to the claimant satisfying gateway conditions in the 'full service' area).

## **Assisted Digital Support for UC full service**

### **Make a claim**

- Support the claimant to transact with UC using Personal Computer or their specific device
- Security awareness: to ensure claimant keeps (log-in) credentials safe
- Setting up a personal email address, if claimant doesn't already have one, on whatever device they have access to
- Claimant able to access email account to retrieve the email code
- Phone number (NB if the claimant does not have a mobile phone, the standard entry on the application should be a series of 11 zeros and not a telephone number that the claimant does not control and the claimant should select email as their preferred method of contact)
- Claimant is aware of the details they need to have to hand to (safely) complete their identity verification and claim UC
- Support to complete on-line claim data gather
- Understand how to access the 'Partner code' and requirement for their partner to complete their on-line claim (using the Partner code)

### **Digital Support for transactions to maintain Claim**

- Manage UC via the online UC account on whatever device they have access to
- Manage own email account on whatever device they have access to
- Navigate and clear 'to do's'
- Make journal entries (and actually raising an entry to confirm they have been helped by USdl and the name of the LA)
- Upload documents including CV/Med Cert
- Notify change of circumstances
- Generate and make enquiries
- Print documents

If the resident has no/or extremely low IT skills and requires more intensive Digital Support to carry out other on-line activities, it may also be appropriate to signpost them to existing locally available opportunities (for example Adult Education) in addition to receiving Universal Support for their UC transactions. For example to enable them to;

- Produce/amend/save documents onto a PC/Laptop
- Set up an online transactional [bank] account
- Set up and use the Internet for Job search including
- Universal Jobs-match
- Skype/social media for interviews
- Electronic CVs