

Selby District Council

REPORT

Reference: E/17/56

Item 5 - Public



| | |
|--------------------------|--|
| To: | The Executive |
| Date: | 12 April 2018 |
| Status: | Non Key Decision |
| Report Published: | 4 April 2018 |
| Author: | Drew Fussey; Customer, Business and Revenue Service Manager |
| Executive Member: | Clifford Lunn; Lead Councillor for Finance and Resources |
| Lead Officer: | Julie Slatter; Director of Corporate Services & Commissioning |

Title: The Council's approach to support residents and tenants to claim and manage their Universal Credit (UC) entitlement.

Summary:

The Council's priorities to 'make a difference' and 'enjoy life' combined with the Council's values to be customer focused, forward thinking and work as one team have influenced and informed the Council's approach to preparing to support residents and tenants to claim and manage their Universal Credit (UC) entitlement.

Selby Universal Credit Full Service (UCFS), for new claimants only, will start in May 2018. The impact in the district will build incrementally to around 900-1200 claiming UC over the first year. Based on information gathered from the Department for Work and Pensions (DWP) and other local authorities that are already UCFS, it is estimated that between 260 and 390 will be SDC tenants with the likely result that the Housing Revenue Account (HRA) rent arrears will raise incrementally as more tenants claim UC.

The proposals in this report are proactive. The Council's aim is to adopt the "Make Every Contact Count" principle in relation to UC. A working group has been established to ensure Council services, in conjunction with relevant partners, are coordinated to reduce the well documented risks that have been identified as UC has been rolled out nationally. This will ensure that the Council is helping to reduce

hardship, sustain tenancies and safeguard its reputation helping make Selby district a great place to live.

Recommendations:

- I. To support the proposals to reduce the risk of hardship to claimants and increasing HRA debt.**
- II. To note the impact Universal Credit Full Service (UCFS) will have on HRA rent arrears and additional workload across the Operational Services team.**

Reasons for recommendation

The Executive is asked to support recommendation I. and note recommendation II. to enable Operational Services to adopt and embed the proposals explained in this report to establish a “Make Every Contact Count” principle in relation to UC, reducing the risk of hardship for those needing to claim UC, and mitigating the likely rise in HRA arrears.

1. Introduction and background

- 1.1 Universal Credit (UC) aims to ensure claimants are better off in work than on benefits. There have been many criticisms of UC as it has rolled out across the United Kingdom since May 2016. The government has responded to these concerns but the key impacts of hardship for claimants and especially the impact of UC on rent arrears remain a potential concern.
- 1.2 To help the Council understand the likely impact on UC claimants that live in the district, officers have gathered information from a range of sources to provide a national context alongside local impact from visiting neighbouring local authorities that are already UCFS. The work undertaken to predict the impact of UCFS has been thorough. It is clear from the research that workloads across Operational Services will increase and HRA debt is likely to rise as more people claim UC.

2. The Report

2.1 *What is Universal Credit?*

- 2.2 UC aims to ensure claimants are better off in work than on benefits. UC has been rolled out across United Kingdom local authorities since May 2016. It replaces six existing benefits and merges them into one payment that will be paid monthly in arrears:
 - Working Tax Credit
 - Housing Benefit
 - Job Seekers Allowance
 - Employment and Support Allowance

- Income Support
- Child Tax Credit

2.3 UC is for working-age people only and must be claimed online. Claims can be taken from anyone of working age; this includes families with no more than two children, people with health conditions and those who are in work.

3. How is Universal Credit Full Service being rolled out?

3.1 UCFS rollout is Jobcentre-based. To date the district has approximately 2,860 households that now need to claim UC rather than the 'legacy benefits' (the term used for the individual benefits named above). Selby Jobcentre is currently scheduled to go live in May 2018, impacting on the majority of households in the district should they make a new claim for benefit. The table below provides the detail on the UC rollout for the district:

| Rollout date | Job Centre | Post Codes | Localities | Estimated Properties affected |
|--------------|------------|---|---|-------------------------------|
| 13/09/17 | York | LS24 0 YO19 6, YO23 2, YO23 3, YO23 7 | Acaster Selby, Appleton Roebuck, Bilbrough, Bolton Percy, Escrick, Kelfield, Riccall, Stillingfleet, Thorganby. | 2,600 |
| 11/10/17 | Doncaster | DN6 9 | Womersley area | 260 |
| 30/05/18 | Selby | District wide | Includes Selby, Sherburn, Tadcaster. <i>Everywhere but post codes below</i> | 22,891 |
| 01/07/18 | Goole | DN14 0, DN14 9 YO8 6 | East Riding of Yorkshire | 4,934 |
| 01/11/18 | Wakefield | WF11 9 | Brotherton area | 1,459 |

3.2 Due to the low volumes currently claiming UC the impact to date on Council services and the levels of housing debt is negligible.

4.0 Government changes announced in the Autumn Statement 2017

4.1 Due to the Autumn Statement announcement, rollout of UCFS for the district has been rescheduled to May 2018.

4.2 A number of changes have been proposed to the way the UC will work and these should have a positive impact. However, it is too early to assess the likely impact the changes, which are listed below will have for claimants at this point as they are not all implanted as yet. The research that has been undertaken to inform this report predates these changes which will be implemented between December 2017 and April 2018:

- **1 week wait removed** - 7 waiting days at start of claims will be abolished as of February 2018. Instead of 6 weeks, claimants can now expect a 5-week wait (4 weeks to process, 1 week to reach bank account).
- **Increasing UC advances** - Advance available to claimants increased to 100% of estimated entitlement (previously 50%) and this can be repaid across 12 months (previously 6 months). This was implemented in December 2017.
- **Support with transition from Housing Benefit (HB)** - From April 2018, claimants previously in receipt of HB will receive an additional 2 weeks support as a transitional payment. This change is expected to go live in April 2018. DWP have not announced the detail at this time.
- **Free helplines** - The premium call helplines are now free (from December 2017), people were paying up to 55p per minute.
- **Temporary Accommodation (TA) housing support** - From April 2018 any new UC claimants in TA will have housing costs met through HB.
- **Alternative payment arrangements for landlords** - Ensure that claimants are offered option of managed payments under UC where they previously received this from legacy HB available now.
- **Universal Credit live service closed to new claims from 31 December 2017** - The closure of the live UC gateway affects single claimants only. Single people that had been on UC in live service that need to make a new claim are reverting back to the legacy benefits. This means the HB gateway for these claimants has had to be reopened. £2,086 of new burdens funding has been provided to the Council for this change.

5.0 Impact on Council services: what the research says

5.1 The research to inform this report was carried out late in 2017. It involved visiting and reviewing information obtained from Ryedale, Richmondshire, Harrogate and York Councils, combined with national reports from a number of respected sources. All evidence suggests that work for local authorities will increase as will rent arrears. The three key areas of concern are:

- **A significant increase in Council Tax work**- every transaction has to be manually input as there is no IT integration between DWP and the leading Revenue and Benefit systems, nor has there been any development at this stage. There is also a significant increase in new Council Tax Support (CTS) claims with only a small reduction in Housing Benefit claims in the first year. The Autumn Statement did not tackle these issues.
- **Increasing Housing Revenue Account rent arrears**- those authorities with housing stock have seen increasing levels of arrears as a direct result of UC claimants in debt. The revised payment arrangements for landlords should have a positive impact.
- **More people at risk of homelessness**- those renting in the private sector struggling with UC-created arrears, and those in social housing already in arrears then switching to UC, are not coping with self-budgeting. As a result Housing Option teams in the authorities visited have reported increases in requests for support/emergency accommodation. We anticipate that the Autumn Statement will have a

positive impact here as will the introduction of the Homelessness Reduction Act.

6.0 Impact on Operational Services

6.1 When Selby Jobcentre goes UCFS the impact will be slow to start, growing incrementally throughout the year. Once UCFS is operating anyone who meets the criteria AND who would have claimed Housing Benefit will apply for UC instead. The impact of UC on Operational Services is outlined below:

Benefits and Taxation Service.

6.2 The Council will still be responsible for assessing claims for:

- All Pension age claims for HB, Supported and Exempt Accommodation
- All Council Tax Support; and
- Determining applications for Discretionary Housing Payments for those in receipt of UC or HB.

6.3 Information provided by neighbouring authorities (Richmond, Ryedale and York) show a reduction in assessments for HB, however it is the more complex cases, such as three children or more that will remain on the legacy benefit; direct CTS claims remain static. The increased UC service centre notifications will cause a significant increase in workload. This is explained below.

6.4 The Council will receive a daily download from DWP Universal Credit Service Centre about UC claimants who live in the district. This will be used to end Housing Benefit for UC claimants and amend their award of CTS where appropriate. The DWP UC system is not available to integrate with any Council's benefit and revenue systems; as a result all these changes must be looked at manually. As full service rolls out the number of these notifications will increase dramatically. The result will be an increased workload for the Benefits Teams. Although these are simple transactions they are high in volume.

6.5 UC is reviewed every month with the previous month's income determining the next award of UC. This means that any changes in earnings result in changes to UC amounts, including housing costs. This will produce a new award notification which will come through from the DWP UC Service Centre. Each change in award amount will mean the CTS has to be recalculated; this could result in up to 12 revisions of the CTS each year for every UC claimant, each revision triggering a new Council Tax bill to be issued.

6.6 The City of York Council intends to review their CTS scheme to re-issue bills quarterly. York believes this should ensure UC claimants continue to make regular payments and reduce stationary costs whilst also providing consistency and clarity for customers. Once the district is UCFS the impact on billing will be monitored closely. As the evidence of the impact emerges it will be important to consider whether we also need to make changes to the Council's CTS scheme to maximise effectiveness for the Council and CTS claimants.

6.7 Another factor is over recent years DWP have been reducing the payments made to local authorities to administer Housing Benefit. In 2017/18 the Council received £187,485 a reduction of 8.5% on the previous year; for 2018/19 DWP have provided a provisional amount of £169,817 a further 9.5% reduction.

6.8 The impact of UCFS on the Benefits and Taxation team will be monitored and once the impact of UC on the team is better understood, (after the first 6 – 12 months of going live), a review will be undertaken to ensure the Council continues to achieve best value.

7. Impact on the Housing Support Team (HST) and HRA debt.

7.1 Selby anticipates that, as has been the experience elsewhere, there will be increased levels of Council rent arrears to deal with and manage as a direct result of UC. With the removal of the first seven waiting days, payment should be expected within 5 to 7 weeks (made monthly in arrears). Although quicker than has been the case, it will still result in claimants being in rent arrears immediately. The HST at Selby are excellent at engaging with tenants (as evidenced by the collection rate of 98.1%). However, based on the evidence from Richmondshire, York and Harrogate it will be important to increase the support to tenants on UC to make early arrangements for payment and get updates on the progress of their UC applications.

7.2 There are numerous studies that have been carried out to evidence the impact of rent arrears. All of these project increases in arrears, some more significant than others. This report uses Survey data from National Federation of Almos (NFoA) as it evidenced the largest percentage migration to UC in the first year of full service of 22%, 'the worst case scenario'.

7.3 In December 2017 the Council had 3,006 tenants with 1,711 (56.9%) claiming benefit. Based on NFoA data it is expected 376 (22%) of the Council's tenants receiving housing benefit could migrate to UC in the first year.

7.4 Currently in Selby 19% (580) of tenants are in arrears owing an average of £330. The Council's total arrears as of December 2017 were £176,252, and the collection rate was 98.1%.

7.5 UC will not be paid to a tenant for at least 6 weeks (unless the claimant takes an advance payment). Therefore, based on the worst-case scenario, after the first year of UCFS, HRA arrears may increase to £251,470, a rise of £75,217. Also, due to the 5 to 6 week lag in claimants receiving payments it will reduce the Council's collection rate. Actions proposed to minimise HRA arrears are set out in section 10 below.

7.6 As more people/claimants migrate onto UC, debt levels will continue to rise and the collection rate will reduce but studies indicate that this should stabilise after 18 to 24 months. It is not possible to predict the final impact at this time and, with continued pressure on the government to review UC, more changes to rollout and delivery are expected.

- 7.7 Currently HB for Council tenants is paid direct onto tenants' rent accounts. Under UC claimants will be responsible for paying their own rent.
- 7.8 Evidence indicates that managed payments via UC take time and may increase arrears by a further month. A claimant can request a managed payment but it is voluntary unless they go into more than 8 weeks arrears. At that point the HST can and will ask for the payment to come directly to the Council without the UC claimant's consent. Neighbourhood Officers will encourage new claimants to request a managed payment. This is important as although the Autumn Statement supports more managed payments, the research carried out evidenced 4 to 8 week delays in getting arrangements in place.

8.0 Impact on the Neighbourhood Officer Team.

- 8.1 The team will need to provide early assistance, signposting tenants to access digital and budget management support, to ensure they apply for UC as quickly as possible. Where possible, Officers will also encourage new claimants to get their advance payment to reduce hardship and to set up voluntary managed payments to reduce rent arrears. The process for signing up new tenants will also be reviewed to ensure they are offered the right advice and support to avoid hardship and rent arrears.

9. Impact on the Housing Options Team (HOT).

- 9.1 This team will also see an impact: in a report published by the Northern Housing Consortium (NHC) in December 2017 evictions due to rent arrears in UC cases increased from 18% to 27%.
- 9.2 The Homelessness Reduction Act that comes into force on 1st April 2018 places a new duty on the Council to help prevent homelessness for all families and single people, regardless of priority need. Based on the research in preparing this report and the introduction of the Act, a significant concern for the HOT is that those facing homelessness are often already in crisis and struggling to manage debt. It is therefore much more difficult for them to adjust to receiving monthly payments and managing a monthly budget including paying their housing costs. The impact of UC is likely to be an increase in repeat homeless presentations as individuals and families fail to pay their rent.
- 9.3 The anticipated impact on the Council will be:
- An increased workload for the R&B, HST and HOT teams
 - An increased need for supporting/signposting vulnerable UC claimants for Neighbourhood Officers and Customer Contact Centre Staff
 - A greater demand for temporary accommodation
 - An increased need to provide digital and personal budgeting support

10.0 How SDC propose to support the rollout of UCFS minimising the risks of hardship for claimants

- 10.1 The proposals below explain how the Council intends to adopt the principle of “Making Every Contact Count” in relation to UC. Whichever member of customer-facing staff a customer/tenant contacts at the Council, they will be able to provide basic guidance and signposting.
- 10.2 **Supported online access** - It is proposed that the Council provide assistance to people to claim UC online and manage their online accounts. The DWP will provide some funding to the Council to enable the Council to provide this service. To deliver the service SDC will need to provide secure access to public access computers, which has now been achieved. The DWP funding will also enable the Council to train staff to provide digital support and manage their accounts. Claimants will be able to access their UC accounts and get some generic IT support in the Selby, Tadcaster and Sherburn libraries/ Hubs and in Selby Jobcentre. Claimants will also be able to access their online UC account via their home computer and/or mobile devices.
- 10.3 **Personal Budgeting Support (PBS)** – It is proposed that the Council also sign up with the DWP to provide PBS to assist claimants with monthly budgeting to help them understand their responsibility to pay their bills, including rent and Council Tax. The Council currently commissions the Citizens Advice Bureau (CAB) to provide PBS on a case-by-case basis. This arrangement is separate to the grant funding provided by the Council due to the specific and limited funding awarded by DWP to provide PBS. The volumes are currently low but will increase as more people claim UCFS. The Council proposes to work with CAB to develop a mixed economy of support. Using the DWP funding available, appropriate Council staff will also be trained to provide PBS to ensure claimants can access such a vital service at the point of need in a timely manner, with CAB available to support more challenging/complex cases.
- 10.4 **Mitigate the pending increase in HRA debt** - Learning from the authorities that have been visited, Housing Support and the Benefits and Taxation teams are working with the Policy Team to review the Council’s Debt Management Policy. New procedures will also be put in place to reduce the potential stress and hardship of those needing to claim UC, that go into rent arrears whilst waiting for their claim to be determined and payment made. The experience of the Housing Support team is that once the payments are set up both for arrears and rent, they are received regularly and arrears do come down.
- 10.5 **Improved system integration:** The Council is also exploring opportunities to improve integration between online forms and the back office systems that will help streamline processes and help us deliver on our aspirations for digital service delivery. This will help build capacity and release resource within Operational Services to cope with the additional workload.

- 10.6 By changing the services we offer as described above, integrating the work of the Housing Support, Benefit and Revenue and Customer Contact Centre teams the Council will ensure it has the capacity and skills to support those claiming UC, helping minimise hardship and rent arrears.
- 10.7 The Council has also established an internal working group that will include external partners when necessary. This follows best practice from other authorities that have set up teams to deal with the impact of UC as it is rolled out. The working group led by Operational Services includes members from each relevant Council department including Customer and Communities, Economic Development, Finance, and Marketing and Communications. The aim of the group is to ensure the Council has a coordinated transition to UCFS that supports claimants and business to minimise hardship and the impact of increase HRA debt.

11. Legal/Financial Controls and other Policy matters

11.1 Legal Issues

- 11.1.1 The Welfare Reform Act 2012 introduced UC which is being implemented pursuant to further legislative provisions. Impact Assessments and Equality Impact Assessments on the Act have been carried out by the DWP (see below).

11.2.0 Financial Issues / Risks

- 11.2.1 *Increased HRA arrears:* The most significant financial impact is likely to be an increase in rent arrears. The Council HRA arrears could increase by £75,217 to £251,470. The steps described above explain the Council's proposals for mitigating the UC financial risk to the Council.
- 11.2.2 *Further reductions in local authority payments to run Housing Benefit:* Over recent years DWP have been reducing payments. In 2017/18 the Council received £187,485 a reduction of 8.5% on the previous year; for 2018/19 DWP have provided a provisional amount of £169,817 a further 9.5% reduction. The work of the Benefits and Taxation team will be monitored and reviewed following the first 6 - 12 months of UCFS roll-out to ensure best value is achieved from the available budget.
- 11.2.3 *Not achieving the anticipated savings from service transformation:* Service resources will have to adapt to manage increased homelessness and levels of debt alongside the changing nature and scale of workload of the benefit assessors and customer contact team.
- 11.2.4 This will be mitigated by effective planning of resource shift. As the number of claimants will be low rising throughout the year the impact will be assessed to ensure we have the right skills in the right place at the right time. The aim is to review and integrate teams more to reduce duplication and hand offs between

the Customer Contact Centre, the Benefits and Taxation team and services. Also, the Council intends to review the procedures and processes of Housing Support and Neighbourhood Officer teams. This will maximise the existing resources capacity to support tenants claiming UC helping to minimise the risk of general hardship and rent arrears.

11.3.0 Reputational Risk

11.3.1 Although UC is a DWP responsibility, the Council's response to supporting residents needs to be communicated to ensure that the measures that the Council has put in place with its partners to minimise hardship are clear and well understood. The Council's UCFS working group includes a member from Marketing and Communications team. This will ensure a robust communications plan is in place to manage reputational risk for the Council.

11.3.2 The aim of the UCFS working group is to ensure the Council has a coordinated transition to UCFS that supports claimants and business to minimise hardship and the impact of increase HRA debt. Joint events have also been set up with DWP to ensure external partners and stakeholders are aware and involved in ensuring UCFS is a smooth process, mitigating the risk to claimants where possible.

12.0 Impact Assessment

12.1 The Impact assessment about Universal Credit introduced under the Welfare Reform Act 2012 was published in December 2012. It is available on the government website: <https://www.gov.uk/government/publications/universal-credit-impact-assessment>

13.0 Conclusion

13.1 The real impact of UCFS on the District is difficult to predict, especially in light of the Autumn Statement changes. However, this report has used the latest information available taken from a number of sources to try to provide some clarity as to how the Council can work differently across service areas to support residents. The established UCFS working group will ensure service areas are working closer than ever to reduce the likelihood of hardship for those needing to claim UC whilst managing the inevitable rise in HRA rent arrears, against a backdrop of reducing DWP funding. The transition will be slow, incrementally building over the next 18 to 24 months.

13.2 The Council has taken the advantage of learning from others that have already gone UCFS. This has led to the creation of the UC working group and informed the proposals in this report. If the Executive are in support of the proposals in this report the UC working group will develop an implementation

plan to ensure that the Council will have the right level of resource with the right skills in the right place at the right time.

14. Background Documents

A background paper on the research officers carried out to inform this report is available on request from the report author.

Contact Officer:

*Drew Fussey
Customer Business and Revenue Service Manager
Selby District Council
dfussey@selby.gov.uk*

Appendices:

None