

SLOUGH BOROUGH COUNCIL

REPORT TO: Overview and Scrutiny Committee

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PART I **FOR COMMENT AND CONSIDERATION**

UNIVERSAL CREDIT- IMPLICATIONS FOR LOCAL RESIDENTS

1 Purpose of Report

The purpose of this report is to update Overview and Scrutiny Committee members on the implementation of Universal Credit (UC) in Slough and the ongoing implications for local residents.

2 Recommendation(s)/Proposed Action

The Committee is requested to note the contents of this report.

3 The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan

3a. Slough Joint Wellbeing Strategy Priorities

The aim of Universal Credit is to assist people into work and to support them while they are in work. Universal Credit does not affect anyone who is over pension age and they will continue to claim Housing Benefit.

The Department of Work and Pensions (DWP) will provide support for people to find work with a work coach and a personal advisor; this could be with additional training or assisting them in producing a CV as well as in other areas.

Once a customer has found work, if this is low paid work there will be no need for them to make a new claim for benefits, they can amend their existing claim and as their income rises the amount of UC will diminish.

Universal Credit also offers Personal Budgeting Support (PBS) to help Customers manage their income as UC is paid monthly in arrears in the same way as wages or salary and therefore assisting people into work.

One of the overarching aims of Universal Credit is to increase access to work ensuring that customers have the skills to join the local workforce rather than relying on benefits which supports the Council's priorities

Five Year Plan

Universal Credit is central to the Government's welfare reform programme and aims to help households become more independent, reduce worklessness and encourage more people to see work as the best route out of poverty.

There are a number of ways that Universal Credit supports the five year plan:

- **Premier Location in the South East for Businesses**
The intention of Universal Credit is to make work pay, by supporting those on a low income, help the unemployed back into work with training and other incentives. With an increased workforce and a reduction in reliance on benefits this will assist businesses in the area.
- **Children and Young People:**
Universal Credit will assist people back into work, and support those on a low income which in turn will help children and young people be healthy, resilient and have positive life changes
- **Digitalisation agenda:**
Universal Credit service will be delivered online, supported by a network of high quality, face to face services. Universal Credit will be 'digital by default', with claimants making and managing their claim online. Alternative access routes will be available for the minority who cannot use online services.

4 Other Implications

(a) Financial

There are no direct financial implications at the present time relating to the implementation of Universal Credit in Slough.

However, there are a number of possible indirect financial implications which officers are working to negate which include a potential increase in Council Tenant rent arrears and Council Tax arrears

(b) Risk Management

Risk	Mitigating action	Opportunities
Legal	Not Applicable as this is determined by the DWP	
Property	Not applicable	
Human Rights	Not applicable as this is a DWP responsibility	
Health and Safety	Not applicable	
Employment Issues	The DWP have stated that there are no TUPE considerations for staff in Housing Benefits as the workload diminishes	

Equalities Issues	This is addressed by the DWP when writing and applying the legislation	
Community Support	Not applicable	
Communications	Not applicable	
Community Safety	Not applicable	
Financial	There are potential risks to the Council in that customers will not realise that they have to pay their rent from their Universal Credit which may then increase Council Tenant rent arrears, in addition there is a large risk that Customers in receipt of Universal Credit will not realise that they have to make a separate claim for Council Tax Support and this will have a negative effect on their payments and reduce Council Tax collection rates	Support given to customers to help them budget on a monthly basis Increase Council Tax Support take up campaigns Where customers are known to be in receipt of UC and have not claimed Council Tax Support to proactively target them and help them make a claim
Timetable for delivery	Up to 2021	
Project Capacity	Not applicable - this is not a project	

(c) Human Rights Act and Other Legal Implications

There are no Human Rights Act Implications.

(d) Equalities Impact Assessment

Equalities Impact Assessments are undertaken by the Department of Work and Pensions as more Universal Credit claims come on line

(e) Workforce

There are no workforce implications

5 Supporting Information

5.1 Introduction

The DWP introduced new legislation to enable Universal Credits in 2012 and hailed it as the biggest change to the welfare system in 70 years.

The DWP saw the introduction of Universal Credit as a way to simplify a complex system of benefits by bringing them together in a single system for both in work benefits and out of work benefits for all working age applicants. The DWP have

stated that Universal Credit will continue to provide support for the most vulnerable in society.

Universal Credit is seen by the government as a key part of a package of welfare reforms supporting a more dynamic and flexible labour market - removing barriers to work, freeing people to get back into and progress in work, they have stated that for people who can work but are currently out-of-work, they want a welfare system that encourages a return to work as quickly as possible.

They have also stated that for people already in work, they want a welfare system that encourages them to progress in the labour market, increase their earnings and become more financially independent, and for people who cannot work, they want a welfare system that provides the support they need.

One of the overarching aims stated by the DWP is making work pay, they are doing this via Universal Credit by providing:

- more help for low income working families
- helping customers keep more of what they earn
- improving incentives to increase hours of work
- simplified system which will make moving to work feel less 'risky'

Universal Credit was introduced in April 2013 in a limited number of Local Authorities and is gradually being rolled out across the country; Slough's implementation went live in September 2015. It encompasses all new benefit claims for working age single people and couples without children

The intention is that Universal Credit will be rolled out further between now and 2021. The next phase will be for all new claims from all working age benefit recipients to be made for Universal Credit by July 2018.

It is not however, known at this stage, when Slough is scheduled to go 'live' for this phase. What is known is that it will be after December 2016. This is based on recent correspondence from the Department of Work and Pensions (DWP).

Once all authorities are live for all new claims the DWP will then commence a cut over of all the remaining working age claims. It is anticipated that this will be completed by 2021.

Universal Credit is a process by which six existing benefits including Housing Benefit, Income based job seekers allowance, Income related Employment and Support Allowance, Income Support, Working Tax Credits and Child Tax Credits for working age customers will be replaced by one single payment. This means that people in receipt of Universal Credit may be in or out of work.

There is no intention as of yet, by the DWP to change non working age customers or those in exempt accommodation over to Universal Credit.

5.2 What does this mean for Slough?

As a customer who is either a single person or a member of a couple without children in Slough, makes a new claim for benefits, they will be directed to claim Universal Credit. This may be because they have not made a claim before or it may be

because they are changing their claim to such an extent that it is determined to be a new claim.

Universal Credit is a DWP benefit and as such statistics are not available on an authority basis as these have not been made available.

The DWP regularly publish national statistics for Universal Credit, the most recent statistics are as at 8th October 2015. These show that just over 250,000 claims have been made since Universal Credit was introduced in April 2013.

There were 141,000 people on the universal credit as at 8th October 2015 of these, 45,827 (32.5%) were in employment and 95,177 (67.5%) were not in employment.

The DWP stated on 8th October that 23,842 claims for Universal Credit were made in the preceding four weeks at an average of 5,961 claims per week across the country.

A customer who makes a claim for Universal Credit and has rent costs either to a private landlord or to the council will have their rent costs calculated and paid within their Universal Credit.

If a customer makes a claim for Universal Credit and they have to pay Council Tax they are directed to the Slough Borough council web site and are asked to make a separate claim for Council Tax Support.

There are no formal statistics for Universal Credit claims in Slough alone as this is a national benefit and only national figures are published, however officers have been keeping records of the contacts made regarding Universal Credit and the issues raised

As at 12th February 2016 there have been 70 individual contacts regarding Universal Credit claims, this could be any forms of contact in relation to their claim. It can therefore be assumed that at least 70 people have claimed Universal Credit in Slough

5.3 Council Tenants

There are 12 Council Tenants currently in receipt of Universal Credit. In reviewing the accounts of the customers on Universal Credit it was noted that 11 of these customers were currently in rent arrears, however before they claimed Universal Credit only 6 were in rent arrears.

At this stage it is not possible to say if this is directly due to them having recently claimed Universal Credit and the fact that this is paid monthly in arrears which could have resulted in them not receiving payment yet, or there is a trend developing.

Officers dealing with rent arrears are monitoring accounts very closely and making all efforts to engage with the customers to identify, and where possible, assist customers in mitigating this risk.

5.4 Private Tenants

There are 11 Private Tenants who are currently in receipt of Universal Credit. However, there is no information available on how this has affected their rent payments as Council officers do not have access to this information.

5.5 Council Tax Support

On the basis that there are 23 claims known to the Council for help with rent payments from customers in receipt of Universal Credit, it is assumed that there should be 23 claims for Council Tax Support. However, at this stage there are only 6. This may be because the customers are living in houses in multiple occupation (HMO) but could also be because they are unaware that a separate claim has to be made.

Our partner arvato is in the process of contacting these customers to see if they wish to claim Council Tax Support. Without a valid claim for council tax support it is unlikely that they will be able to pay their council tax, which will adversely impact the councils Council tax collection rates.

5.6 Personal Budgeting Support (PBS)

PBS was introduced by the DWP in order to assist customers claiming Universal Credit to manage their money better. Universal Credit pays all the benefit including help with rent costs, monthly in arrears. It was acknowledged that many of their customers would not be used to receiving a monthly payment and would need support on how to manage their money on a monthly basis and to budget for the month.

The payment is being made monthly in arrears to bring the benefits payments in line with how wages and salaries are paid which in turn the DWP hopes will support people into work.

There are two levels of PBS, and the DWP determines which level of support a customer needs. "PBS Simple" which is for people generally without debts who need support to manage a monthly payment and "PBS Complex", which is for more complex cases usually where there are debts which would make it harder to manage monthly payments.

A person will be allocated an initial PBS appointment and if the support needed is classed as "simple" one further appointment will be offered where the customers individual needs are discussed. If their need is classed as "complex" six further appointments will be offered over a period of time for the advisor to work with them and for them to put the advice into practice.

The DWP are the only service that can authorise a PBS appointment, though as a Council we can ask them to authorise appointments, but this is their decision. They will then refer the customer to the Council for the appointment. As this is such a specialist area we have contracted with Shelter to provide this service.

To date Slough has not received any referrals for PBS from the DWP. This is also a similar situation for many other Council's nationally who are live on Universal Credit. This issue has been raised with the liaison officer in the DWP and they are actively trying to ensure that their staff make referrals. In addition a nationwide initiative has started to remind all DWP advisors to make referrals for PBS

5.7 Department of Work and Pensions (DWP)

The DWP chose to roll out UC slowly with the intention of being able to address issues as sites became live with a small caseload so as not to have a major impact on customers. There remain a number of issues that the DWP are still working to resolve:

- All interactions with Councils by the DWP are still being done manually, which increases the workload for the Council. Making the Authority is more open to information not arriving at its destination or being readily available. The DWP anticipate that by mid February 2016 some of this will be able to be done electronically.
- There is currently no legislation in place allowing Universal Credit to be a passporting benefit for free school meals and other services. Currently if someone is on Income Support for example this means that their child(ren) will automatically qualify for free school meals. Under Universal Credit they will have to make a separate claim for free school meals, which mean some children may miss out on this benefit. The DWP have stated that they are looking at this.
- The intention of the DWP was for customers to update or confirm their income and relevant expenditure for example rent paid on a monthly basis via a digital portal and to be able to check their Universal Credit claim via this portal. Unfortunately the DWP have delayed their digital roll out and this is not available to customers at this time.

5.8 Public Accounts Committee

The Public Accounts Committee has spent some time recently looking at Universal Credit and issued a report which is available on the government website.

The overview noted:

"We acknowledge that Universal Credit has stabilised and made progress since the previous Committee of Public Accounts first reported on the programme in 2013. However, there remains a long way to go.

Implementation of Universal Credit so far has focussed mainly on the simplest cases, and the Department for Work & Pensions has again delayed the programme".

On the other hand,

"The Department for Work & Pensions appears either unable or unwilling to level with Parliament and the public about Universal Credit.

This lack of clarity creates needless uncertainty for claimants and those tasked with running the programme. It's also an unnecessary obstacle to Parliament and taxpayers holding the government to account.

Since our previous Report it has emerged there will be further delays before Universal Credit becomes fully operational, the full implications of which are unclear. It's also worrying that the approved business case for the programme

has not been updated to take account of the Spending Review and Autumn Statement.

If taxpayers are to have any faith in what is already a complex and controversial project then the Department must provide clear information about the impact of these factors and the roll-out of the programme as a whole."

6 **Comments of Other Committees**

None relevant.

7 **Conclusion**

As expected the implementation of Universal Credit has been slow allowing for only single customers and couples without children who are making new claims to be eligible. It will take some time to determine the true impact of the change in benefit. However, it is expected that when more customers start claiming Universal Credit in Slough, it will be easier to analyse the effects more closely and consider what changes we as an authority need to make to best serve our residents. We anticipate that this will not be possible much before 2017 by which time we will have access to more information as well as review lessons learned by other authorities.

8 **Appendices Attached**

None

9 **Background Papers**

Public Accounts Committee report
Universal Credit statistics – DWP 8th October 2015