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**Economic & City Development Overview &  
Scrutiny Committee**

**28 January 2015**

Proposed Scrutiny Review on Universal Credit:  
Universal Support - Local Delivery

**Summary**

1. The Committee wish to consider whether the implementation of Universal Credit (UC) and particularly the way that residents will access it, is a topic for scrutiny. This briefing follows on from that of 25 March 2014 and provides an update on the progress made by the Department for Work and Pensions (DWP) since then to implement UC nationally and the proposals for the provision of local support for residents through a 'Universal Support - Local Delivery' (US-LD) partnership.

**Background**

2. UC will replace six<sup>1</sup> national working age benefits. As noted in the earlier report delayed implementation meant, at that time, that most tenants would not be affected until 2016/17 and others not until after 2017. Those of pension age are not affected.
3. The DWP announced in November 2014 that a further phased national UC roll out would begin from February 2015. York is in the first tranche, going live from 16 February 2015, along with some other North Yorkshire councils: Craven, Hambleton and Ryedale. Harrogate Borough Council (HBC) has been a live site since February 2014. This is part of the DWP's twin-track approach to delivering UC by developing a strategic digital service whilst learning from further roll-out of a live service.

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<sup>1</sup>

- The six benefits that will be replaced by UC for working age people are
- Income-based Jobseeker's Allowance (JSA) - not Contribution-based (CB)
  - Income-related Employment and Support Allowance (ESA) - not Contribution based.
  - Income Support
  - Working Tax Credit
  - Child Tax Credit
  - Housing Benefit (HB)– this will be replaced by a Housing Credit within UC

The two tracks are described as follows:

4. **The live service:**

- April 2013: began roll out of UC to limited claimant types (single jobseekers). The DWP aims to use the live service to roll out UC and 'test and learn' about processes and policy as it evolves.
- June 2014: DWP started taking some new UC claims from job-seeking couples, and singles who are also claiming housing benefit, expanding to around 100 Jobcentres by the end of 2014 (mainly in NW England).
- November 2014: DWP started taking some new UC claims for families with children (in existing live areas).
- February 2015: DWP starts first tranche of 'accelerated' national roll out to expand UC to all 700 Jobcentres by March 2016 (for new claims for single jobseekers).

5. **The digital service:** in parallel, the DWP is developing and testing a new 'digital service' which it intends will eventually enhance the features and functionality of the current live service operation.

- November 2014: plans to start early tests of this service.
- November 2015: planned date for testing its digital service at high volumes before nationwide adoption.
- May 2016: the DWP's planned start for rolling out its new digital service to claimants nationwide.
- December 2017: DWP expects no new claims to legacy benefits.
- December 2019: the DWP's planned date for completing the transfer of 93 per cent of claimants on to UC.

6. This is a further deceleration of the already revised full roll out plans by at least two years from 2016/17 to December 2019.

There are unlikely to be any changes to the pace, scope and extent of the roll out programme before the General Election in May 2015 but the result of that election could lead to changes in UC policy.

7. The DWP expects that up to 500,000 people will receive UC by April 2016. The latest available figures from the DWP<sup>2</sup> show that 44,330 people had claimed UC during the period April 2013 to December 2014 and that at 13 November 2014 there were 22,900 active UC claims. Locally, in Harrogate Jobcentre, which went live in February 2014, there were 380 active claims, but not all of these claims included housing costs. HBC's Benefit service estimated that on 10 December 2014 they have 20 live UC housing costs claims.
8. The lack of a detailed implementation plan beyond the latest roll out programme remains a concern together with the impact that this will have on the council's ability to provide a good standard of service to customers and to retain highly skilled benefits staff.

### Local Intelligence

9. At the end of November 2014 York had 10,424 Housing Benefit (HB) customers. As highlighted in the table below, of these 56% are of working age and the majority will be affected by the roll out of UC by December 2019. It is still the intention that tenants in certain 'specified' accommodation will be exempt from claiming help with their rent as part of their UC and will continue to receive HB (e.g. homeless, hostel tenants, and vulnerable people such as disabled or with mental health or other significant support needs). We estimate that around 500 tenants in York could be in this category.
10. As the table below shows, on current thinking this means that around 5,338 existing working age HB customers will need to be migrated to UC by December 2019 based on present caseload and DWP plans.

HB caseload	10,424
Pension age (44%)	4,586
Working age (56%)	5,838
less Exempt (est.)	500
<b>Migrate by Dec 2019</b>	<b>5,338</b>

11. Local authorities will continue to administer Council Tax Support (CTS) schemes - at the end of November 2014 York had 11,074 CTS

<sup>2</sup> <https://www.gov.uk/government/statistics/universal-credit-29-apr-2013-to-11-dec-2014>

customers. Note that customers can receive either HB or CTS or both. Post-UC implementation they can receive UC or CTS or both.

12. Councils will retain responsibility for awarding Discretionary Housing Payments (DHP) for all eligible customers including those on UC.
13. CYC has already started to consider the implications of UC roll out and has developed an action plan in readiness for February 2015. Plans for future roll out will take into account evolving DWP strategy and knowledge gained from our own experience.

## **Resources**

14. The council has already seen year on year reductions in its benefit administration grant from the DWP since 2011 which has added pressure on service delivery:
  - 2011/12 £1,106,910
  - 2012/13 £1,050,137
  - 2013/14 £986,733
  - 2014/15 £911,339 (£731,930 DWP / £179,409 CLG)<sup>3</sup>
  - 2015/16 £816,891 (£662,863 DWP / £154,028 CLG)
15. Whilst this has been offset to a degree by some additional one off funding to support councils through various specific aspects of Welfare Reform implementation such as the transfer of crisis loans, the basic core funding has seen a real reduction.
16. For context the full average cost of a benefit assessor is approximately £23,000 per year.
17. It is expected that when the DWP publish detailed migration plans and the linked reduction in HB caseload becomes clear that there will also be details of a corresponding drop in the administration grant paid to councils. There is a risk that this will have implications for service resilience and the retention of experienced staff at a time when demand for support and advice will surely increase as customers move on to UC.
18. An additional pressure will be the withdrawal of Government funding from 2015/16 for Local Welfare Provision (LWP) – in York called the ‘York Financial Assistance Scheme’ (YFAS). Total funding from DWP in 13/14 was £381k and £376k for 14/15 with the council adding £100k and

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<sup>3</sup> Grant source is split from 14/15 between DWP and CLG (Communities & Local Government) as DWP only have responsibility for HB with CTS falling to CLG.

£200k respectively for each year. Cabinet agreed on 16 December 2014 to give a commitment to maintaining YFAS funding at current levels and to give an in principle consideration to direct additional council tax funding towards the scheme. The final decision will be made in February 2015 as part of the Budget report.

### **‘Universal Support – Local Delivery’ (US-LD)**

19. The UC ‘Local Support Services Framework’ (LSSF - published February 2013<sup>4</sup>) was the initial title of the DWP model to provide support to claimants with complex needs who would need assistance adapting to and managing the UC claim process. It was rebranded in October 2014 as ‘Universal Support – Local Delivery’<sup>5</sup> reflecting that the support itself will be available and delivered locally.
20. Local support will be available to help claimants where appropriate. This will be provided through DWP and local authority delivery partnerships – although it can include other local partners. This provides a structure for the delivery of a range of local support services to individuals needing additional help with the new demands of UC.
21. Trials and tests of Universal Support are underway in eleven sites across the country for twelve months from September 2014. The key areas of delivery that are being tested are
  - access to digital support
  - triage (the early identification of customer support needs and signposting/arranging of tailored support)
  - the development of personal budgeting support initiatives (helping claimants to obtain bank accounts, debt advice and Alternative Payment Arrangements for those who are not able to manage financially)
  - partnership development
22. UC is intended to help claimants to get used to monthly payments in arrears and to manage their finances successfully, making it easier to move into work.

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<sup>4</sup> <https://www.gov.uk/government/publications/universal-credit-local-support-services-framework>

<sup>5</sup> <https://www.gov.uk/government/publications/universal-support-delivered-locally-information-for-local-authorities/universal-support-delivered-locally-information-for-local-authorities>

23. For example, Personal Budgeting Support services will be available to claimants who are not used to managing money on a monthly basis:
- An on-line 'Personal Planner' is available to help claimants understand and prepare for financial changes.
  - Online budgeting tools for claimants who can help themselves - such as those offered by Money Advice Service and Citizens Advice.
  - Jobcentre Plus 'work coaches' will direct claimants to help and advice in their areas. This could include help from local organisations to open a bank account or to put together a monthly budget. Some people may also be offered support over the phone or face to face to help them.
24. There is no statutory requirement for councils to help support the delivery of UC but it is in their residents and their own interests to do so. From a CYC perspective it complements the council's anti-poverty and Financial Inclusion Strategy objectives.
25. As a result of work carried out in pilot areas the DWP recognise that there are a number of challenges around the issue of including rent in UC and they are taking a number of steps to address these. This includes incorporating the requirement for council's HB sections to provide advice to DWP UC Service Centres on matters relating to rent, as part of the local support that councils would be expected to deliver under 'US-LD'.
26. In summary, whilst councils will determine how best to deliver these services it is expected that they will specifically deliver:
- Supported on-line access
  - Personal Budgeting Support
  - Support for UC Service Centre for queries on rent.
27. Funding arrangements should become clearer before February 2015. However, the principle of the cost model as currently envisaged is payment based on time per task and includes the following work:
- Personal Budgeting Support - straight forward (2 hrs) / Complex (6 hrs)
  - Supported on-line access - straight forward (1 hr) / Complex (2 hrs)
  - Support for UC Service Centre - HB queries (15 - 30 mins)
  - Manual inputting of claims for CTS for residents getting UC (30 mins).
- Funding will also include landlord and other communication costs as well as management overheads.
28. The DWP have estimated that 1,984 York residents will make a claim for UC in the 14 months to March 2016 and that just over 10% (226 or 16

per month on average) will need help with on-line supported access and personal budgeting support. They also estimate that 283 will be entitled to CTS and that around 400 cases will require the UC Service Centre to contact CYC to get support for issues about eligible rent. This data on the likely workload that local support demand will generate is based on DWP analysis of current Jobseekers Allowance (JSA) caseload and the findings of live services elsewhere.

### **Pilot Experience and CYC Planning**

29. Harrogate went live for new claims to UC from single people on 24 February 2014 and has been providing support under LSSF. At a recent stakeholder meeting it was confirmed that the funding arrangements were still not fully resolved. They expected very low numbers requiring support of 5 rising to 15 per month and will be providing a triage service by contacting customers the DWP have identified as possibly needing alternative payment arrangements assistance (e.g. payment to a landlord), support with personal budgeting, and supported on-line access. For customers in debt they will work with external partners, such as the Citizen's Advice Bureau (CAB). The DWP confirmed that software issues still exist but these are being worked on. Legislation will be in place by February 2015 to allow effective data sharing between DWP and relevant supporting agencies.
30. At the December 2014 North Yorkshire Benefit Managers group HBC advised that there appeared to be some deterioration in UC processing performance. This has meant it is taking longer for some customers to be notified of their award decisions and payments. There have been some problems for customers who have not been able to supply the correct paperwork to HBC in support of claims for CTS causing processing delays and on occasion contributed to HB overpayments where there has been a requirement to migrate to the new benefit. The numbers are not significant given the low volumes of UC customers and the problems are not affecting every claim. However, issues are becoming noticeable and have been reported back to the DWP to look at implementing service improvements. There are no current issues with customers being seen in local Jobcentre Plus offices to be interviewed and provided with support to find work and this part of the process is currently working well.
31. The volumes are still small and they estimate that they have 20 CTS claims made by UC claimants who are having their housing costs included in their UC rather than receiving HB. Their UC claims now include claims from couples and they expect this to be extended to include families from the end of January 2015.

32. In the year ending June 2014 Harrogate's unemployment rate amongst 16 – 64 year olds was 3.3% compared to 5% in York<sup>6</sup>. Although unemployment in York is higher than in Harrogate we do not expect a disproportionate impact from the introduction of UC to single job seekers.
33. The Benefits Service within Customer Services is engaging with other council departments, libraries, partners and interested organisations to look at identifying vulnerable groups, mapping services the council already provides, or are planning to provide, including access to getting on-line, assisted digital claiming, financial inclusion, and work readiness. 'Advice York'<sup>7</sup> will be a key component in preparing for UC.
34. The first of a rolling programme of meetings on UC support started in March 2014. There is an on line survey which has been set up to collect information about support services already in the city, which will close in January 2015. The results from this will help inform our support services strategy which is likely to be a mix of external (partner) and internal (CYC) service provision.
35. On 15 December 2014 the Council and the DWP held the first roll out meeting with social landlords, voluntary & charitable organisations, and CYC staff. As part of the roll out programme the DWP will provide CYC with information on potential claim numbers and activity which will allow us to plan our provision in detail.

### **Other Impacts to Consider**

36. The risks and impacts set out in paragraphs 26 to 32 of the report of 25 March 2014 remain broadly similar.

These can be summarised as

- **Digital inclusion** – councils and partners will need to ensure that customers are provided with sufficient access to the internet and with help on how to use it

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<sup>6</sup> Source ONS: <http://www.ons.gov.uk/ons/datasets-and-tables/index.html?pageSize=50&sortBy=none&sortDirection=none&newquery=LI01++Local+labour+market+indicators+by+Unitary+and+Local+Authority&content-type=Reference+table&content-type=Dataset>

<sup>7</sup> A network of advice providers in York offering free, independent, impartial, confidential legal advice in areas of social welfare: <http://www.adviceyork.org.uk/>



- **Breach of the ‘claimant commitment’** - the tougher sanctions regime, whereby residents face reduced or withdrawn benefit/UC, will result in more vulnerable people relying on the council or partners in times of crisis
- **Impact on the private rented sector** – uncertainty remains over how rent arrears will be tackled under UC prompting almost four in ten larger landlords to say that they would reduce the number of properties they let to welfare recipients, according to research from the British Property Federation in April 2014<sup>8</sup>
- **Local Welfare Provision (LWP) and Discretionary Housing Payments (DHP)** – as noted in para 18 above direct DWP funding for YFAS will end from April 2015. The DHP subsidy figures from the DWP for 2015/16 have not yet been announced but a reduction is anticipated. The challenges of UC will increase customer contact, applications and potentially awards from such discretionary support schemes.
- **Getting into debt/financial exclusion** – switching to single monthly payments in arrears will be a challenge to some low income families who are already struggling. There will be increased demand for personal budgeting support and debt counselling.
- **Direct Payments** – under UC, help with rent will normally be included in the monthly UC payment to the claimant. Some tenants, whose help with housing costs (that is, through HB) is currently paid direct to the landlord, will have difficulty making the transition to managing rent payment themselves. ‘Alternative Payment Arrangements’ (e.g. direct to a landlord) will be permitted in certain circumstances, generally for a short period, to allow time to adapt. Social landlords in particular will need to review how and when they collect rent.

## Conclusion

37. Implementation of US-LD is a major piece of work which supports the council’s objectives to work as ‘one’ across council departments and with partners. The lack of a ‘big bang’ approach is to be welcomed. The gradual and delayed roll out of UC will allow more time for us to test and develop with partners support services delivery and for the steady

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<sup>8</sup> [http://www.bpf.org.uk/en/newsroom/press\\_release/PR140409 - Universal Credit confusion risks driving large landlords away from housing benefit tenants.php](http://www.bpf.org.uk/en/newsroom/press_release/PR140409_-_Universal_Credit_confusion_risks_driving_large_landlords_away_from_housing_benefit_tenants.php)

adoption of locally tailored delivery models. The funding model is also likely to evolve in the light of experience.

38. Scrutiny work could look at the council and partners' preparedness for UC, the construction of the US-LD and any of the impacts to be managed by the US-LD, either individually as a group. As more information on pilots, live running sites and US-LD will emerge in the year from February 2015, it is recommended that this Committee receives an updated report in late 2015 to inform a possible scrutiny review at that point.

### Recommendations

39. That the Committee note the information contained the report and agree to receive a further update report in late 2015.

Reason: To keep the Committee informed about the implementation of Universal Credit.

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**Report  
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**Date** 13/1/15

**Specialist Implications Officer(s)** *None*

**Wards Affected:** *List wards or tick box to indicate all*

**All**

**For further information please contact the authors of the report**

**Background Papers:**

Economic & City Development Overview & Scrutiny Committee Report 25  
March 2014

**Abbreviations:**

CAB - Citizens Advice Bureau  
CLG - Communities & Local Government  
CTS - Council Tax Support  
CYC – City of York Council  
DHP - Discretionary Housing Payment  
DWP - Department for Work and Pensions  
HB - Housing Benefit  
HBC – Harrogate Borough Council  
JSA – Jobseekers Allowance  
LWP - Local Welfare Provision  
LSSF – Local Support Service Framework  
UC - Universal Credit  
US-LD – Universal Support - Local Delivery  
YFAS - York Financial Assistance Scheme