

## **Briefing Note**

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**31<sup>st</sup> October 2018**

### **Scrutiny review of Financial Inclusion and Universal Credit**

#### **Summary**

1. It was decided at the scoping meeting of 3<sup>rd</sup> October that the scrutiny review of Financial Inclusion and Universal Credit (UC) would have four meetings and these would consist of:
  - i. background information for the last three full years and to date on the key welfare support funding provided by the council;
  - ii. a meeting with key third sector partners supporting customers claiming UC to understand the effect it is having on the families;
  - iii. a meeting to review the effectiveness of the initiatives funded by the Financial Inclusion Steering Group (FISG);
  - iv. a final meeting to sum up the information provided in the first three sessions to form a view on the current position and draft any recommendations.
2. This briefing note provides background information on the welfare support statistics to meet point (i), above.

#### **Background**

2. UC replaces six<sup>1</sup> national working age benefits & those of pension age are not affected. UC Full service was introduced in the City of York Council between the 12<sup>th</sup> July and September 2017. The effects on some customers claiming UC are well publicised nationally and continue to be in the national headlines.

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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

3. This briefing note provides the most up to date UC information we have from the DWP. It also looks at the claims history of the key welfare benefit support provided by City of York Council to see if the rollout of UC has impacted in any way to date on the number and costs of claims. This includes:

- Discretionary Housing Payments (DHP)
- York Financial Assistance Scheme (YFAS) – Including Emergency Payments, Community Payments & Discretionary support for Council Tax.
- Council Tax Support (CTS)
- Housing Benefit (HB)

### Universal Credit

4. The tables below provide detailed information on the customers claiming UC from April 2018 to September 2018:

Employment indicator			
Month 2018/19	Not in employment	In employment	Total
Apr-18	1917	1569	3486
May-18	2057	1698	3758
Jun-18	2170	1774	3943
Jul-18	2188	1893	4086
Aug-18	2333	1838	4173
Sep-18	2548	1906	4454

Gender				
Month 2018/19	Male	Female	Unknown/ Missing	Total
Apr-18	1647	1832	5	3486
May-18	1762	1988	8	3758
Jun-18	1811	2126	8	3943
Jul-18	1869	2206	5	4086
Aug-18	1907	2261	5	4173
Sep-18	2016	2427	5	4454

Age											
Month 2018/19	16-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-65	Total
Apr-18	167	586	517	461	405	314	313	312	254	165	3486
May-18	183	604	558	512	447	329	338	336	269	185	3758
Jun-18	176	627	603	547	488	341	353	340	271	196	3943
Jul-18	184	667	640	562	497	359	347	355	273	192	4086
Aug-18	201	681	674	568	508	362	335	356	286	196	4173
Sep-18	215	709	732	608	540	391	373	377	292	219	4454

5. In terms of household information the DWP data is only currently available for the period April to June 2018:

<b>By household type</b>					
	Single, no child	Single, with child	Couple, no child	Couple, with child	Total
Month 2018/19	dependant	dependant(s)	dependant	dependant(s)	
Apr-18	1827	752	133	343	3052
May-18	1904	807	141	355	3212
Jun-18	1991	895	137	375	3408

<b>With element entitlements</b>					
	Carer	Child	Child Care	Disabled Child	Limited Capability for Work
Month 2018/19	Entitlement	Entitlement	Entitlement	Entitlement	Entitlement
Apr-18	130	1089	98	40	285
May-18	144	1161	103	49	313
Jun-18	157	1274	115	56	332

<b>Housing cost entitlements</b>					
	No Housing	Social	Private	Unknown or missing	Total
Month 2018/19	Entitlement				
Apr-18	1223	1120	696	16	3052
May-18	1278	1183	743	10	3212
Jun-18	1322	1268	800	15	3408

<b>UC payment amounts</b>							
	No payment	£0.01 to £100.00	£100.01 to £500.00	£500.01 to £1000.00	£1000.01 to £1500.00	£1500.01 or over	Total
Month 2018/19							
Apr-18	503	119	1038	731	283	48	3052
May-18	545	110	1089	761	298	48	3212
Jun-18	540	136	1150	833	325	60	3408

6. The household information is more informative in providing a profile of the customers currently claiming UC across the city. In terms of HB customers migrating Para 17 below shows that we have lost 700 customers from our existing caseload since full service in July 17. The above data shows over 2000 customers with housing costs which indicates that a majority of these are not our migrating customers but new claimants.

### Discretionary Housing Payments

7. DHP provides the council with the authority to award discretionary housing payments to help residents with their housing costs (rent). Changes to welfare benefits e.g. the introduction of UC & Removal of spare room subsidy has seen the value of the DWP grant paid to the council increase in recent years as set out below:

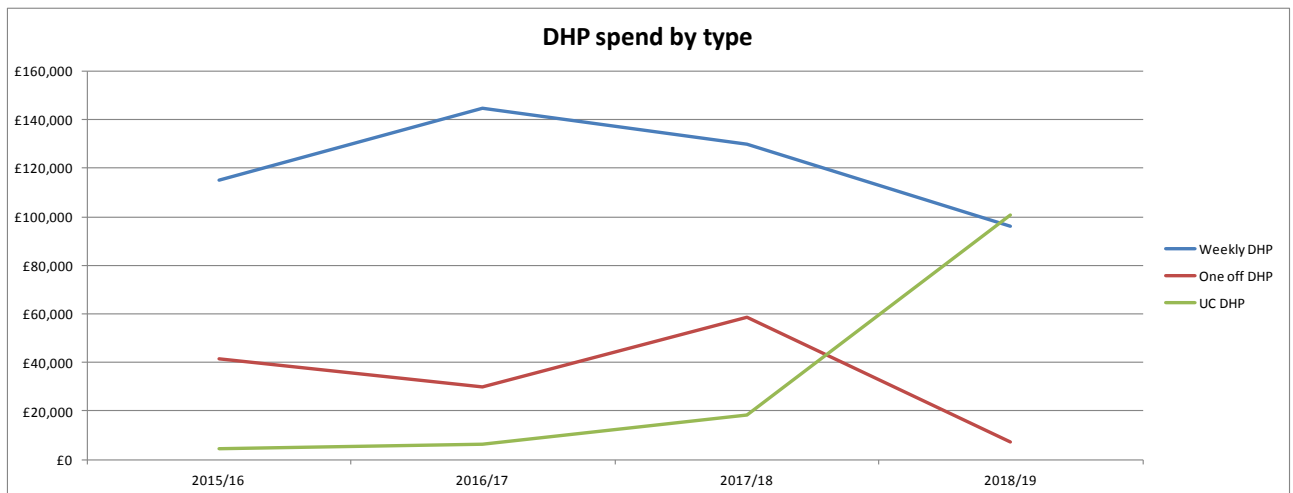
#### DHP Grant & Spend by Year

Year	Grant	Spend
2015/16	£177,562	£160,895
2016/17	£205,155	£180,842
2017/18	£226,402	£206,798
2018/19	£256,596	£204,028*

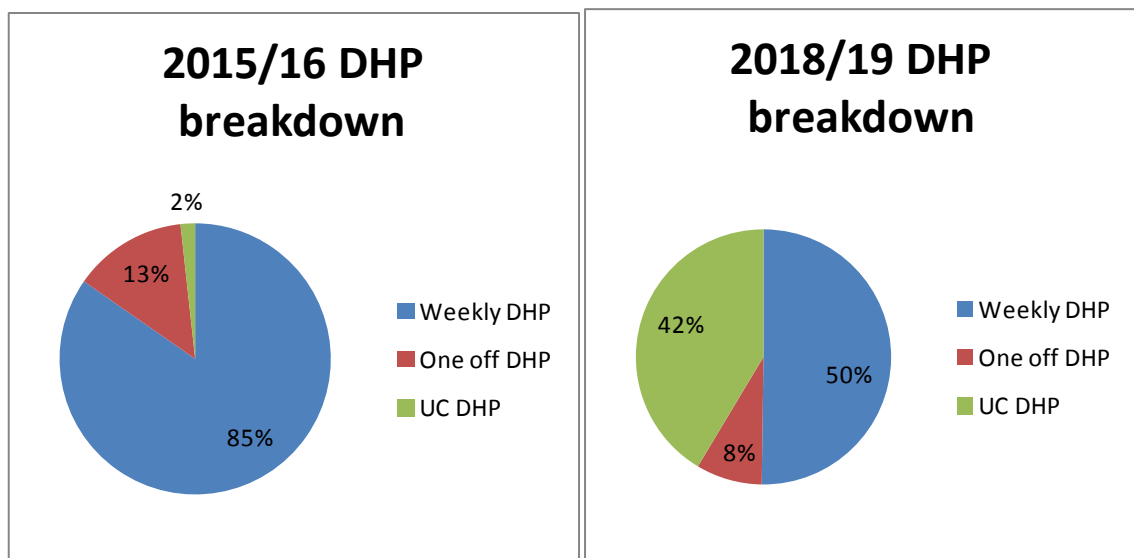
\* Extrapolated from current figures

8. The award of DHP is not linear so whilst the council always intends to spend the full grant across the year this is not always achieved as is shown in Table 1 above. York is not unique in not spending its full allocation of DHP grant. How we compare to other local authorities in terms of the percentage of the grant spent in the last full year (2017/18) is set out at Annex A of this briefing paper. The graph below shows how much UC is starting to affect the way the DHP funding is been distributed in recent years and especially since UC Full Service was rolled out in July 2017:

Graph of DHP spend

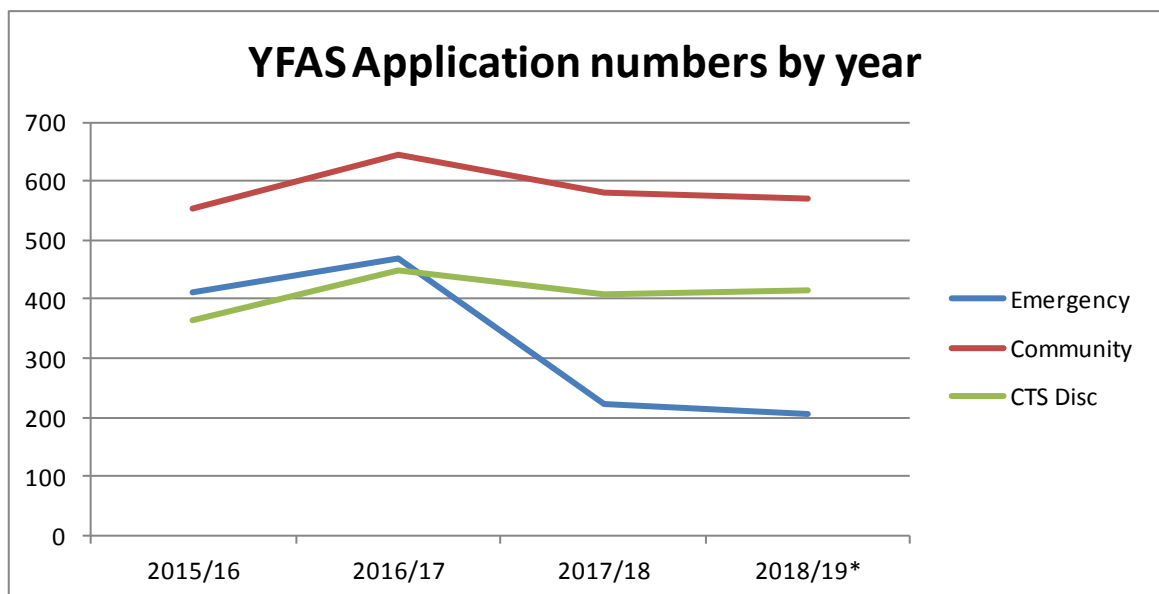


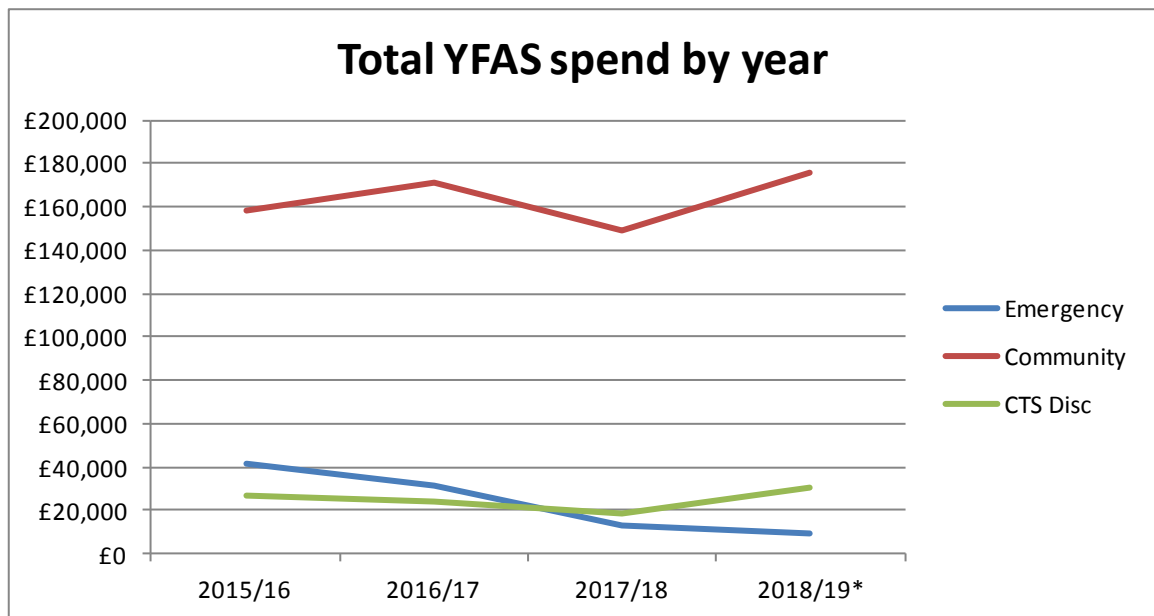
9. The projected growth in UC demand for DHP in 2018/19 compared to 2015/16 is shown very clearly in the charts below:



## York Financial Assistance Scheme

10. York's financial assistance scheme (YFAS) is provided by City of York Council to support people who require urgent assistance, following an emergency or unforeseen event, and supports vulnerable adults to move into or remain in the community. It is means tested and the customer must have no other form of help.
11. The scheme is discretionary but will not provide emergency assistance to people who are eligible for a budgeting loan or a benefits advance from the Department for Work and Pensions (DWP) or provide help where other agencies have a statutory responsibility to do so.
12. The YFAS scheme splits down into three component parts:
  - I. Emergency Payments – Immediate short term needs
  - II. Community Payments – Provides support to vulnerable adults to move into or remain in the community
  - III. Council Tax Discretionary Payment – Provides help for council tax payers who are having financial difficulty paying their Council Tax
13. The scheme is fully funded by the council with a budget for 2018/19 of £209K. The two graphs below show both the numbers claiming and spend by category for the past three full years and the year to date (2018/19) spend extrapolated to year end.

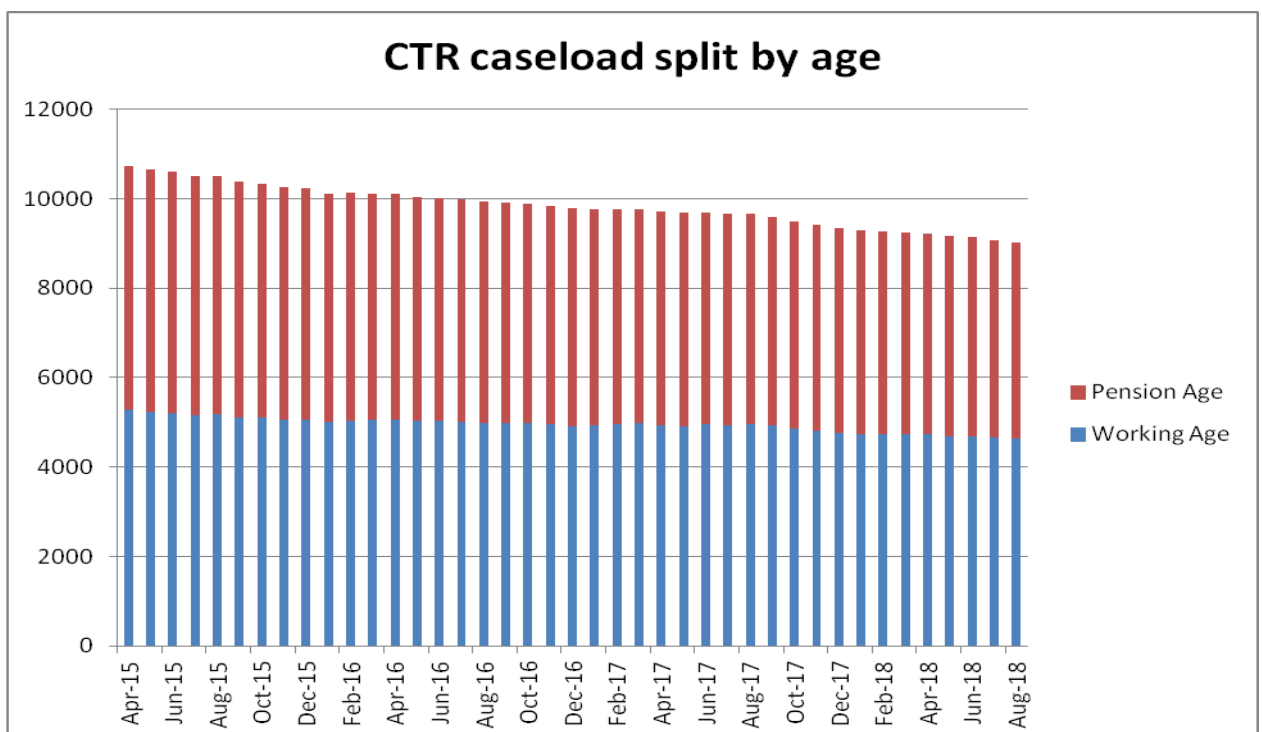




14. The two most noticeable changes in the profile of the graphs is the fall in the number of customers claiming after cash was taken out of the system in April 2016 and the increase in spend on Community & Discretionary Council Tax payments over the last year.

### Council Tax Support

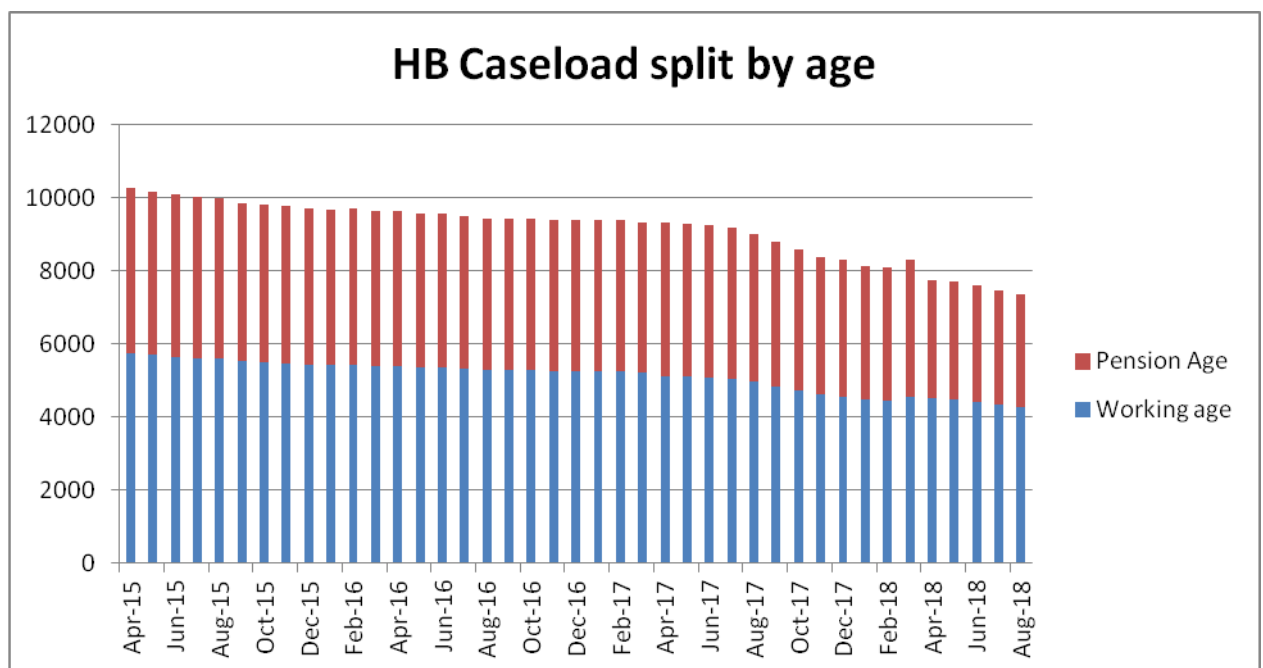
15. Local council tax support known as CTS provides assistance to council tax payers on low income or claiming benefits with their council tax. The maximum amount of support is 77.5% of the council tax bill.
16. The graph below shows the trend for both working age and pension age claimants since April 2015:



17. The most noticeable trend is in the greater fall off of pensioner as opposed to working age claimants. There has been a fall in working age claimants (700 since July 2017) which may be attributable to the implementation of UC and is an issue that is been addressed through a more proactive approach to ensuring UC customers with CT liability make a claim.
18. The trend that may be of more concern is that of falling pensioner numbers whilst the overall number of pensioners in the city is growing. The most likely cause is that since the implementation of CTS in April 2013 there has been no CTS take up campaign aimed at pensioners. Whilst pensioners benefits have not been affected in the same way as working age many still live in poverty and see benefit support as asking for charity. They have become slightly forgotten with the headline welfare benefit changes all aimed at working age residents.

### Housing Benefit

19. A final area of welfare benefit support that continues to be delivered by the council and will continue beyond 2023 for pensioners and some working age customers is HB. The graph below shows the trend in customer numbers since April 2015:



20. The trend follows that of CTS with a large fall in pensioner numbers as opposed to working age. This reflects the theme set out in the CTS paragraphs above that pensioners are not taking up welfare support even though there are a growing number in the city.
21. The actual decrease in working age caseload since Full Service in July 2017 is 714 approximately 14% of the full working age case load. In the

same period pension age claims fell by 991 or approximately 24% of the full pension age caseload.

### **Advice & Support**

22. Customers in receipt of UC or any other welfare benefit who require financial advice and support outside of the council can be supported through the Advice York Partnership which includes:

Age UK York,  
Christians Against Poverty,  
Citizens Advice York,  
City of York Council,  
Foundation UK (formally Keyhouse),  
IDAS,  
Joseph Rowntree Housing Trust,  
OCAY,  
Peasholme Charity,  
Welfare Benefits Unit,  
York Advocacy,  
York Carers Centre,  
York Foodbank,  
York Housing Association,  
York Independent Living Network,  
York Racial Equality Network,  
York Travellers Trust, Yorkshire Housing Association.

### **Summary**

23. The statistics contained within this briefing note are providing some indication that UC is having a growing effect on residents across the city. Perhaps as importantly they also show that potentially vulnerable older residents are also missing out on welfare benefit support.

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### **Abbreviations:**

CAB - Citizens Advice Bureau  
CTS - Council Tax Support  
DHP - Discretionary Housing Payment  
DWP - Department for Work and Pensions  
HB - Housing Benefit  
UC - Universal Credit  
YFAS - York Financial Assistance Scheme