
Economic Development & Transport Policy & Scrutiny Committee

14th November 2016

Assistant Director Customer Service & Digital
Customer & Corporate Services

**Update Report on Universal Credit:
Universal Support - Local Delivery and the national roll-out**

Summary

1. The Economic Development & Transport Policy & Scrutiny Committee (EDAT) have in the past wished 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 the paper of 28th January 2015 and provides an update on the progress made by the Department for Work and Pensions (DWP) since then to implement UC nationally.

Background

2. UC will replace and merge six¹ national working age benefits (known as legacy benefits) into a single payment. As noted in the earlier report there has been delays in implementation and these are continuing with full implementation (including existing case load) not expected until after 2022.
3. In February 2015 the DWP started an 'accelerated' national roll out programme to expand UC to all 700 Jobcentres by March 2016 (new claims for single jobseekers only). York implemented UC for new single working age customers in February 2015.

¹

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

4. On 24th of October 2016 York had only 648 UC claims and 172 Council Tax Support claims reflecting that the impact of introducing UC for single working age customers has been minimal locally.

Full Roll out of UC

5. The DWP stated that, the full UC roll out for new claims remains on track to be delivered nationally by June 2018. York was initially advised that it should expect to implement the 'full' UC service sometime after March 2017. The DWP confirmed on 21st October 2016 that York should go live with a full service for all new claimants in July 2017. Harrogate, Richmondshire District Council and Ryedale implemented full UC in June 2016, with Craven and Hambleton due in October 2016.
6. Local authorities can expect to continue delivering new HB claims for pensioners beyond 2022.
7. Full Service means that all working age claimants, (not just single working age claimants), making a new claim for out-of-work benefits, will have to claim UC. In addition certain change of circumstances to existing claimants will 'trigger a new UC claim.' Annex A shows changes that will give rise to a claimant moving from HB to UC.

Digital by default

8. The DWP's Digital Strategy 2012 aims to deliver high quality, accessible, intuitive and responsive digital services, whilst still making provision for claimants who are not able to use on-line services via existing face-to-face and phone channels, and through agreements with other organisations, such as local councils.
9. Customers can use tablets and smart phones to access the UC digital portal so they do not need access to a computer in accessing their UC account. The customers claim is maintained via the claimant's journal, where they can message their work coach, the service centre (about changes in their circumstances), and upload various documents e.g. CVs, and other work search information. Users will be able to make a claim, check details of payments, notify changes of circumstances and search for a job through a single account, making digital the primary channel for most working-age people to interact with the DWP.
10. This digital service is not yet fully rolled out even though existing customers must make their claim online. The DWP do not expect to fully implement this until October 2018 when the UC service will move into single service centres.

Transfer of existing HB customers

11. Migration of all existing HB claims to UC was originally planned to be completed in 2021 but is now delayed until 2022. In the last report to EDAT the DWP plan was that UC would fully replace the legacy benefits by December 2017 with 93% of claimants transferred to UC by December 2019.
12. At the end of September 2016 York had 9,417 Housing Benefit (HB) customers. As highlighted in the table 1 below, of these 56% are of working age and the majority will be affected by the roll out of UC by 2022. It is still the intention of the DWP 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). It is estimate that around 500 working age tenants in York could be in this category.

Table 1

HB caseload	9,417
Pension age (44%)	4,143
Working age (56%)	5,274
<i>less Exempt (est.)</i>	500
Migrate by 2022	4,774

13. Local authorities will continue to administer Council Tax Support (CTS) schemes - at the end of September 2016 York had 9,905 CTS customers. Customers can receive either HB or CTS or both. Post-UC implementation they can receive UC or CTS or both.
14. Councils will retain responsibility for awarding Discretionary Housing Payments (DHPs) for all eligible customers including those on UC.

Resources

15. The council has seen year on year reductions in its benefit administration grant from the DWP since 2011 which has added revenue budget pressure on the council:
 - 2011/12 £1,106,910
 - 2012/13 £1,050,137
 - 2013/14 £986,733
 - 2014/15 £911,339 (£731,930 DWP / £179,409 CLG)²
 - 2015/16 £816,891 (£662,863 DWP / £154,028 CLG)
 - 2016/17 £704,346 (£532,558 DWP / £171,788 CLG)

² 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.

16. The support grant will be more substantially reduced once UC is rolled out to all customers in York. A key pressure arising from this will be supporting the administration grant to ensure residents continue to benefit from the council's CTS scheme. At present all claims are assessed on the same claim form and with the same information. The council will need to maintain a similar level of resource after UC has been rolled out as before. The council's computer system and digital forms currently assesses both HB and CTS at the same time so removing HB saves little if any resource.
17. These changes give rise to a risk in relation to service resilience at a time when demand for support and advice is likely to increase.

Impact of Welfare Reforms

18. The total reduction in welfare benefits to working adults in York since 2013 is £60 million or approximately £450 a year per working adult. Many families may be affected by more than one reform and the average cannot reflect the true reduction for individual families. As such residents under financial pressure are likely to rely more on the York Financial Assistance Scheme (YFAS), and discretionary housing payments.

'Universal Support – Local Delivery' (US-LD)

19. When York implemented UC in February 2015 (single working age customers) the council signed up to providing support locally to residents claiming UC. The DWP called this 'Universal Support – Local Delivery'³.
20. There is no statutory requirement for councils to help support the delivery of UC but it is in both 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.
21. Support is provided with:
 - Access to digital support – making the UC claim and maintaining it on-line.

³ <https://www.gov.uk/government/publications/universal-support-delivered-locally-information-for-local-authorities/universal-support-delivered-locally-information-for-local-authorities>

- Personal budgeting support initiatives (money advice by helping claimants to obtain bank accounts, debt advice and Alternative Payment Arrangements (normally to landlords) for those who are not able to manage financially).
 - Support to the UC service centre on housing issues.
 - Administering local council tax support claims manually.
22. The DWP estimated that 1,984 York residents would make a claim for UC in the 14 months to March 2016 and that just over 10% (226 or 16 per month on average) would need help with on-line supported access and personal budgeting support. They also estimated that 283 would be entitled to CTS and that around 400 cases would require the UC Service Centre to contact CYC to get support for issues about eligible rent. Based on DWP estimates of activity the funding provided to York for 15/16 was £49,927.
23. Following the first full year of operation UC activity was not as great as predicted by the DWP. As an example, the DWP estimated that 85 residents would need a basic level of Personal Budgeting Support with an additional 28 needing more intensive help. The council initiated the process to provide basic PBS advice to 61 residents referred to them by the DWP. Of these referrals 48 referrals lapsed with residents not completing the process. CAB agreed they would help the more complex cases but none have needed to be referred. The basis on which funding for 2016/17 has been estimated has changed so much that direct comparison to 2015/16 funding is not possible. Funding of £18,977 for 2016/17 has been granted for 9 months until December 2016, which would equate to £25,303 per annum. The DWP will not be providing York with new funding estimates for UC activity until closer to our full implementation.
24. The experience of Harrogate in delivering a 'full' UC service is set out at Annex B.
25. The Benefits Service within Customer Services has engaged with other council departments, Explore centres, partners and interested organisations to look at identifying vulnerable groups, and to help them with digital claims, financial inclusion, and work readiness. 'Advice York'⁴ as a group of advisory services remains a key component in preparing

⁴ A network of advice providers in York offering free, independent, impartial, confidential legal advice in areas of social welfare: <http://www.adviceyork.org.uk/>

for the implementation of the 'full' UC service. The council is developing a local working group made up of York based partners with an interest in coming together to support and troubleshoot the implementation of full UC. Explore centres are pivotal to providing help and advice in communities and relationships like these will need to be developed further as UC is rolled out.

26. The council's Housing Services play a key role in supporting both its tenants and the organisation as a whole in respect of UC and the broader financial inclusion agenda. A total of 4,562 or 61% of the council's 7,846 tenants receive HB.

Risks & Issues

27. There are no immediate risks and issues in respect of UC. There are broader risks to residents arising from the reduction in welfare support highlighted at paragraph 20. These broader risks are managed through the council's Financial Inclusion Steering Group which has representation from elected members, relevant council services and Partners including CAB and Advice York.

Recommendations

28. That committee members:

- a) Note that US-LD was successfully implemented from February 2015;

Reason:

To acknowledge the support provided to early adopters of UC by the council and its partners.

- b) Agree to receive an updated report in late 2017 to assess how UC has been implemented in York and related implications

Reason:

To keep the committee informed about the roll out of universal credit in York

Contact Details

Authors:

Di Bull -
Strategic Welfare Benefits &
Partnerships Manager
01904 552260

David Walker
Head of Customer & Services.
01904 552261

Chief Officer Responsible for the report:

Pauline Stuchfield
Assistant Director Customer Service &
Digital
Customer & Corporate Services

Report
Approved

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Wards Affected:

All

For further information please contact the authors of the report

Background Papers:

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

Economic & City Development Overview & Scrutiny Committee Report
January 2015

Annexes:

Annex A – Change of circumstances resulting in a customer moving to UC
Annex B – Harrogate Case Study

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
EDAT – Economic Development & Transport Policy & Scrutiny Committee
ESA – Employment Support Allowance
HB - Housing Benefit
HBC – Harrogate Borough Council
IS – Income Support
JSA – Jobseekers Allowance
LWP - Local Welfare Provision
LSSF – Local Support Service Framework
PBS – Personal Budgetary Support
UC - Universal Credit
US-LD – Universal Support - Local Delivery
WTC – Working Tax Credit
YFAS – York Financial Assistance Scheme