



Economic & City Development Overview & Scrutiny Committee

25 March 2014

Proposed Scrutiny Review on the Universal Credit Local Support Services Framework – Briefing note

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 includes an update on the progress made by the Department for Works and Pensions (DWP) to implement UC nationally and proposals for the provision of local support for residents through a 'Local Support Services Framework' (LSSF).

Background

2. UC was originally intended to be one single benefit paid to working age people to replace over 30 existing state benefits. It will now replace just six¹. The implementation plan was that between April 2013 and the end of 2017, UC will replace these benefits, with new claims for UC being rolled out from October 2013. Delays mean that most tenants will not be affected until 2016/17 and others not until after 2017. Those of pension age will have help with their rent moved to the Pension Service from Housing Benefit (HB) well after 2017. This is separate from UC.
3. UC will have been implemented for the least complex cases (single people only with no children, with or without housing costs), in 10 Local Authorities in the UK, by spring 2014. The DWP intend to extend the scope of these pathfinders and pilots in 2014 to include couples in the

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

summer, families in the autumn, followed by a geographic expansion to cover most of the North West. A further 12 LA led pilots are looking at core themes such as financial and digital inclusion for their existing HB claimants to help inform the design of support for UC claimants.

4. The DWP state that their plans will allow UC to be implemented in each part of the UK by 2016, (closing down new claims to the 6 existing state benefits), with the vast majority of remaining claimants on existing benefits migrating to UC during 2016/17. They also state that some 700,000 Employment and Support Allowance (ESA) claimants will not migrate until post-2017 (City of York Council (CYC) has 2,219 ESA claimants).
5. The General Election in May 2015 may influence changes to the pace, scope and extent of the roll out programme.
6. This is a very ambitious timetable with up 12.5 million claims for existing benefits nationally having to be converted to UC of which around 3.7 million are for working age HB customers (as at November 2013). The lack of an implementation plan is of concern and 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

7. At the end of January 2014 York had 14,042 HB and Council Tax Support (CTS) customers. As highlighted in the table below, of those on HB 56% are of working age and could be affected by the roll out of UC in 2016/17. However, tenants in certain 'supported' 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). They will still be required to claim UC for their living costs. The scope of this exemption has not been finalised yet by the DWP but it is estimated that this could be around 500 cases in York. Those on ESA will also follow later.
8. As the table below shows, on current thinking this means that around 3,400 existing working age HB customers will need to be migrated to UC by 2016/17 based on present caseload and predictions.

HB caseload	10,885
Pension age (44%)	4,789
Working age (56%)	6,095
<i>less</i> ESA (migrate after 2017)	2,219
<i>less</i> Exempt	500
Migrate by 2017?	3,376

9. Those of pension age (4,789) will remain on HB until at least 2017/18 and the speed with which these are migrated to the Pension Service will be influenced by the experiences of UC implementation. Local authorities will continue to administer CTS schemes - at the end of January York had 11,773 CTS customers. Note that customers can receive either HB or CTS or both. Post-UC implementation they can receive UC or CTS or both.
10. Councils are expected to retain responsibility for Discretionary Housing Payments (DHPs) for all eligible customers.
11. CYC has started to look at the implications of UC and will be gathering more intelligence in the coming months, including a more detailed breakdown of the types of state benefits that residents receive.

Resources

12. The council has already seen reductions in its administration grant from the DWP in recent years 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))²
13. Whilst this has been offset to a degree by some additional 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.
14. For context the full average cost of a benefit assessor is approximately £23,000 per year.

² Grant source is split from 14/15 between DWP and CLG (Communities & Local Government) as DWP only have responsibility for HB with LCTS falling to CLG.

15. Demand for benefits-related council services however has increased over the last few years which is putting pressure on reducing resources as shown in the Annex to this report, in addition to planned budget savings.
16. There is an expectation that when the DWP publish detailed migration plans and the related reduction in HB caseload becomes clear that there will also be details of a corresponding reduction 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 inevitably increase as customers transition to UC.
17. An additional pressure will be the withdrawal of Government funding from 2015/16 for Local Welfare Provision – 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 £200k respectively for each year.

The Local Support Services Framework (LSSF)

18. In February 2013 the DWP published the first '*UC Local Support Services Framework*³, following Ministerial direction to the DWP to ensure that claimants with complex needs will not be prevented from accessing and using welfare services. The next LSSF plan will be published in the autumn of 2014. This plan follows continued consultation, dialogue and joint working that will provide further information to allow local partnerships to plan their services for 2015/16 and beyond.
19. Under a 'Delivery Partnerships Approach' existing local planning forums, usually local authority led, will be developed into Local Delivery Groups for UC local claimant support services. These must include DWP and council representatives but should also include other service providers. They should have the flexibility to plan support services and engage different suppliers according to local circumstances. Whilst there is no statutory requirement on councils to support or deliver any aspect of UC it is undoubtedly in their own and their residents interests to do so.

³ <https://www.gov.uk/government/publications/universal-credit-local-support-services-framework>

20. From a CYC perspective it complements the council's anti-poverty and Financial Inclusion Strategy objectives. Funding arrangements, however, are uncertain but in the trials LSSF funding will only be available for services newly required or where an increase in workload is experienced as a direct consequence of UC. The LSSF approach offers the potential to 'leverage' or use existing services and resources to maximum advantage and is 'not entirely dependent on new money.' In mapping out current local provision it may also be possible to identify existing funding streams which might be re-aligned.
21. The recent '*UC LSS Update and Trialling Plan*⁴ produced by the DWP points out that the transition to UC requires a 'major cultural transformation'. This involves helping customers to 'understand that work pays' and to take much more control over their lives supporting 'their journey towards self-sufficiency and independence.' From October 2013 until spring 2014, the Claimant Commitment (an agreement the claimant signs specifying what action they will take to get work) is rolling out nationally across 100 Job Centres per month to supporting this cultural transformation. Around 25,000 Job Centre Plus advisors are being re-trained to deliver the Claimant Commitment.

Employment & skills initiatives

22. Whilst York still has job vacancies there are large numbers of local people, including the longer-term unemployed, who continue to find it difficult to get a job and progress through the labour market. More people of all ages have been out of work longer, there are more female claimants than pre-recession and in some more deprived areas of York the unemployment rate is 30%. People in these situations tend to have low qualification levels. Also, in areas of deprivation, inter-generational worklessness and single parent families are more common. Many have been in and out of jobs or not worked at all as an adult, lost confidence or have significant health problems. To help address these issues a number of skills initiatives have been developed and are in place. These are fully listed in Annex B.

Pilot Experience and CYC Early Work

23. Harrogate is a LSSF pilot site and went live for new claims to UC from single people on 24th February 2014. At a recent stakeholder meeting in

⁴ <https://www.gov.uk/government/publications/universal-credit-local-support-services-update-and-trialling-plan>

Harrogate it was confirmed that the funding arrangements were still not resolved. They are expecting very low numbers 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. The DWP confirmed that software issues still exist but these are being worked on and that data sharing arrangements are not yet in place so they require customer consent.

24. There is a great deal of material on good practice from existing pilot and pathfinder sites which will inform local solutions and the DWP is expected to issue further information in due course.
25. 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'⁵ will be a key component in preparing for UC. The first of a rolling programme of meetings is scheduled for 12th March 2014. CYC has asked for information from the DWP on potential claim numbers and activity to try to assess the ongoing impact on council resources and customer centre activity.

Other Impacts to Consider

26. **Digital Inclusion** – for UC there will be limited access to telephone and face to face services. An on-line account will be the primary channel for communication. Councils with partners will need to ensure that they provide sufficient access to the internet and help claimants to use it. At the moment there is sufficient provision within West Offices Customer Centre to manage an increase in 'self service' but resources will be needed for assisted claiming and an anticipated initial increase in customer contact across telephone and face to face channels.
27. **Non fulfilment of the 'Claimant Commitment'** and a tougher (benefits) sanction regime– customers have to enter into an agreement to certain work related responsibilities. Under UC this will include those in work not just those out of work. Customers as a result may have no or

⁵ A network of advice providers in York offering free, independent, impartial, confidential legal advice in areas of social welfare: <http://www.adviceyork.org.uk/>

inadequate amounts of benefit to live on. More customers are likely to come to the council and partners for crisis help as the DWP reduces its customer facing services and relies on remote processing centres. There is already evidence of the impact of increasing numbers of people being 'sanctioned' and the members of Advice York have pulled together a response for the DWP 's current review of Job Seeker's Allowance sanctions.

28. **Affect on the rented Housing market** - in December 2013 the National Landlords Association revealed that the number of landlords willing to let to people on benefit had reduced to 1 in 5. Direct payment to tenants of UC (including help with rent) monthly in arrears can only make this situation worse. When tenancies are under threat the first port of call will be the LA and some tenants will end up in Hostels and Bed & Breakfast increasing the pressure on Councils. Exploitation and fraud are likely to increase.
29. **Vulnerable people** - currently the proposed protection for vulnerable supported and homeless tenants is uncertain. A 2012 joint report with The Children's Society and Disability Rights UK found that some vulnerable adults and children will be worse off. Payment of UC to one only person per household could be unfavorable to women and children, previously DWP benefit income could be paid to either partner. Research shows that when women receive benefits more is spent on children.
30. **Local Welfare Provision (LWP) and Discretionary Housing Payments (DHP).** LWP funding stops from April 2015 which partially funds the YFAS. CYC's DHP grant will be reduced by nearly 20% from April 2014 as customers get used to the effects of welfare reform on their HB by either absorbing the additional costs or moving to cheaper / smaller accommodation. The financial challenges brought by UC will increase contacts, applications and potentially awards from such discretionary support schemes, but only if CYC can afford to continue to provide funding and support in light of reduced Government contributions.
31. **Getting into debt/financial inclusion** - switching to single monthly payments will be a significant challenge to some low income families who are already struggling with the effects of the recent economic downturn and welfare benefit reform. The need for personal budgeting and support along with debt counselling will increase. Some customers may need help with getting bank accounts, for example.

32. **Direct payments** - monthly in arrears payment of the housing element of UC will give tenants responsibility for managing their own rent payments. Some 'alternative payments' might be available e.g. direct to the landlord where circumstances allow. Landlords will have to review how and when they collect rents which could have significant cost. The lack of flexibility in UC payment policy could result in more rent arrears, more distress for tenants and more work for landlords. This could threaten income streams, over 50% of CYC tenants receive HB and in 2012/13 received nearly £17.9 million.

Conclusion

33. Implementing a LSSF is a major piece of work which supports the council's objectives to work as 'one' across departments and with partners. It would provide excellent customer service and represent value for money. However the decision to implement and what to implement has to be made when the full facts are known, including any funding arrangements and this information will not be available until at least autumn 2014.
34. Scrutiny work could look at the council and partners' preparedness for UC, the construction of the LSSF and any of the impacts to be managed by the LSSF, either individually or as a group. As more information on pilots and LSSF will emerge during the coming year, it is recommended that this Committee receives an updated report in early 2015 to inform a possible scrutiny review at that point.

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Report

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Specialist Implications Officer(s) *None*

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

All

For further information please contact the author of the report

Background Papers:

Local Support Services Framework Feb 2013
UC LSS Update and Trailing Plan Dec 2013

Annexes:

Annex A - CYC benefits data

Annex B - Skills initiatives

Abbreviations:

CAB - Citizens Advice Bureau
CLG - Communities & Local Government
CTS - Council Tax Support
CYC - City of York Council
DHP - Discretionary Housing Payments
DWP - Department for Works and Pensions
ESA - Employment & Support Allowance
HB - Housing Benefits
JCP - Job Centre Plus
L - Local Authority
LCTS - Local Council Tax Support
LSSF - Local Support Services Framework
LWP - Local Welfare Provision
SBWA - Sector Based Work Academies
UC - Universal Credit
YFA - York's Financial Assistance Scheme