



Leicestershire Partnership Revenues & Benefits

Universal Credit – Update

1. PURPOSE OF THE REPORT

- 1.1 To provide an update on the roll out of Universal Credit.

2. RECOMMENDATION

- 2.1 That the content of the report is noted.

3. BACKGROUND

- 3.1 Universal Credit was introduced on 29 April 2013 in selected areas of the North West and is intended to support people who are on a low income or out of work and will replace the following benefits:

- Jobseekers Allowance income based
- Employment and Support Allowance income related
- Income Support
- Working tax credit
- Child tax credit
- Housing benefit

It is now available in all Jobcentre Plus areas to single claimants, and is being expanded across the country to include all claimant types via the full service.

- 3.2 The main features of Universal Credit are:

- Universal Credit is available to people who are in work and on a low income, as well as to those who are out-of-work.
- The majority of claimants will apply online and manage their claim through an online account.
- Universal Credit will be responsive – as people on low incomes move in and out of work, they will get on-going support.
- Most claimants on low incomes will still be paid Universal Credit when they first start a new job or increase their part-time hours.
- Claimants will receive a single monthly household payment, paid into a bank account in the same way as a monthly salary, support with housing costs will usually go direct to the claimant as part of their monthly payment. Payment will be made in arrears.
- If an advance payment is not requested it can take up to six weeks from making a claim to receiving a payment. This is because UC has been designed to include ‘7 waiting days’ and an assessment period. This means that if a claim is made on December 1 entitlement cannot start until 8 December, thereafter between the 8 December to 8 January the DWP will assess entitlement and make the payment during the sixth week (backdated to 8 December) .

- 3.3 Full Service

Both Harborough and Hinckley & Bosworth Borough have migrated to full service; North West Leicestershire will be migrating on the 7 February 2018. What this means for NWLDC new claimants is that they will have to claim UC (which if appropriate will include an element for housing costs) rather than Job Seekers Allowance or Employment Support Allowance.

Those on existing legacy benefits including Housing Benefit will remain on those benefits until there is a change of circumstances and then they will migrate onto UC, such a change can include a change in their employment

status (e.g. working more than 16 hours) or a change in their family circumstance (e.g. change of address).

4.0 Latest Statistics

The latest statistics on the numbers of claims for universal credit as at 11th of May 2017 were published by the DWP on 16th June.

- The figures show that the number of claimants in receipt of universal credit is 530,000 and the overall total number of claims made for universal credit since 2013 now stands at 1.2 million.
- Of the people on Universal Credit as of 11 May 2017, 38 per cent 200,000 were in employment.
- more than 50,000 people are 'working - with requirements' (defined as 'in work but could earn more or not working but has a partner with low earnings');
- 312,847 are 'searching for work' (defined as 'not working or with very low earnings. Claimant is required to take action to secure work - or more / better paid work'); and
- 101,614 are 'working with no requirements' (defined as 'individual or household earnings over the level at which conditionality applies')
- By the end of July 2017 UC full service had been introduced into 101 job centres (one sixth of the network) and between October and December 2017 a further 134 job centres will have migrated to full service.

5.0 Concerns

Over the last few months there has been considerable press interest in the roll out of Universal Credit in particular the length of time taken to process an award and the impact on families whilst they are waiting for their payment.

A debate took place in the House of Commons on 18th October 2017 regarding a suggested pause in the roll out of Universal Credit, it has subsequently been confirmed however that the roll out would proceed as planned.

A recent announcement by Theresa May has confirmed that the premium rate helpline would become a free phone line from November. It was also stated that all DWP phone lines would be free by next year.

Concerns raised by various 'interest groups' and responses from the DWP are re-produced below for information.

5.1 The Citizens Advice Bureau

In July the CAB published a report 'Delivering on Universal Credit', which calls on the government to pause the roll out of universal credit until the significant problems they have identified are resolved.

The report says that, although the overall objectives are correct, the current flaws with the system undermine these objectives. As a result of these flaws, it claims universal credit is already failing many people, leaving them without the means to make ends meet and forcing them into debt. If the problems are not resolved, Citizens Advice says, they will escalate, putting 7 million households at serious financial risk.

Based on data from a representative survey of people seeking advice in universal credit full service areas as of May 2017, Citizens Advice highlights that -

- more than a third of new claimants are waiting in excess of 6 weeks to receive their first payment, and 11 per cent are waiting more than 10 weeks
- 30 per cent of people have made 10 or more calls to the helpline to sort out their claim at a cost of up to 55p per minute, and often have to wait over 30 minutes to get through
- 40 per cent reported they were not aware they could get an advance payment to help with the initial waiting period for their first payment
- 3 in 5 (57%) claimants are having to borrow money while waiting for their first payment, and
- claimants of universal credit are nearly one and a half times as likely to seek advice on debt issues compared to those on other benefits.

In addition, the report sets out the concerns identified by Citizens' Advice with the identity verification process using the GOV.UK Verify system. The research identified that some claimants experienced serious difficulties in being able to verify their identity online to register for Universal Credit, creating complications such as delays in payment or potential underpayment.

As a result, Citizens Advice says that pushing ahead with roll out while the system remains beset with problems will put thousands more families at financial risk and is calling on the government to pause the roll out of universal credit and "devote the time and resources needed to tackle the key problems which mean the system is not working".

The DWP has however, rejected this call for a delay, arguing that Citizens Advice had themselves noted that their report was based on evidence from a "self-selecting" group of people that did not represent the more than half a million people currently claiming Universal Credit

The DWP said "Universal Credit is designed to mirror the way many people in work are paid, and we have budgeting advice and benefit advances available for anyone who needs extra help. The vast majority of claimants have told us they are satisfied with UC. We are rolling out Universal Credit in a gradual, safe and secure way, and in the rare cases where issues arise, we work closely with local authorities and landlords to support people when they need it."

Additionally over the last few months the DWP have been undertaking a number of activities to address concerns raised by social rented sector landlords. Firstly they have been developing and testing a Universal Credit Landlord Portal which allows social sector landlords to input information and receive it directly, helping the DWP to further improve rent verification rates and identify those claimants who need direct payments.

Coupled with the rollout of the portal the DWP intend to offer every social sector landlord the opportunity to become a 'Trusted Partner'. By drawing on landlords' knowledge of their tenants the DWP can identify those who need to have their rent paid directly to their landlord, which should minimise the risk of arrears building up.

5.2 The Governments Office for Budget Responsibility (OBR)

The OBR in its first 'Fiscal risks report' has identified that the resilience of the system and its ability to cope with greater volumes and complexity are yet to be fully tested and that the government should consider the 'financial risks' surrounding implementation of universal credit. Its major concern was that the roll out timetable has repeatedly been pushed and the latest rolls out plans are due to finish around five years later than originally announced.

6.0 The National Audit Office (NAO)

The NAO is commencing a third study examining whether the DWP is on course to deliver universal credit in accordance with its plans - to make the full service available to new claimants in all jobcentres by September 2018 and to transfer existing claimants to universal credit by March 2022.

The final report - which is scheduled to be published in Spring 2018 - will assess whether there are early signs that universal credit is delivering its objectives, and what impact it is having both on claimants and on local stakeholders.

7.0 Impacts of the roll out on the benefits team.

7.1 Universal Credit Data Share (UCDS)

We are already seeing an increase in the number of requests for information from the DWP as part of the Universal Credit data share (UCDS) arrangements. The first files were received on the 24 May 2017 and between then and the end of October we had received 5545 cases which are dealt with at the rate of 48 per day. In terms of resourcing we currently allocate two FTE's from the partnership each day and anticipate that this will increase when NWLDC migrate early next year.

The work required includes.

- The cancelling of HB as soon as we are aware a claim for UC has been made.
- Identify cases where UC has been claimed and invite an application for council tax support (CTS).
- Identify cases where UC has been awarded but CTS is not in payment – if they would qualify for CTS, invite a claim.
- Identify customer's who have claimed or have been awarded UC for an address where they are not registered.
- Compare the information held in the file received compared to other evidence we may already have available and liaise with the Work Coach Team at DWP if discrepancies are found.
- Ensure data contained within individual files is loaded correctly onto the Academy system, This is particularly important where there are earnings and unearned income changes to UC that may have an impact on CTS entitlement.

7.2 Conflicting Information

It is true to say that there are elements of UC that can be extremely confusing for the customer and unfortunately there have been occasions where the information provided by the UC service centres conflicts with the advice given by the LA. This is particularly true when it comes to HB entitlement, however the LA's position is perfectly clear in that if the claimant resides within one of the designated postcode areas and is not in an excepted group the LA cannot award HB and furthermore has previously supplied the DWP with a commitment that it will not do so.

7.3 On the Horizon

In December new guidance will be issued to DWP staff to ensure that claimants in the private rented sector who have their housing benefit paid directly to landlords are offered that option when they join universal credit.

In January there will be two changes to advance payments. First, the period over which an advance is recovered will increase from six to 12 months, making it easier for claimants to manage their finances. That will apply regardless of the level of advance claimed. Secondly, there will be an increase in the amount of support a claimant can receive from up to 50% of their estimated entitlement to up to 100%, interest free.

From February 2018 the DWP will remove the seven-day waiting period, reducing the length of time claimants might wait to receive their first full payment. From April, for new claimants already receiving support towards their housing costs, the DWP will provide an additional payment of two weeks of their housing benefit to support them as they transition to universal credit.

Date of report: December 6 2017