



Leicestershire Partnership Revenues & Benefits

Universal Credit – Update

1. PURPOSE OF THE REPORT

- 1.1 To provide an update to Joint Committee on the DWP arrangements for the managed migration of working age claimants onto Universal Credit

2. RECOMMENDATION

- 2.1 That the content of the report is noted.

3. BACKGROUND

- 3.1 Currently those moving onto Universal Credit will do so as a consequence of making a new claim or having a change in their circumstances. The migration thus far has been carefully managed as it has been determined by postcodes within a jobcentre.

That leaves those 2.87 million claimants who are currently on legacy benefits and it's the DWP's intention to have the migration regulations in place by 2019 that will allow those claimants on the following benefits to migrate over a four year period between 2019 and 2023:

- income-based Jobseeker's Allowance
- income-related Employment and Support Allowance
- income-related Employment and Support Allowance
- Housing Benefit
- Working Tax Credit and
- Child Tax Credit

From January 2019, the DWP had intended to start testing the full managed migration process on a small scale, with the intention of increasing volumes by July 2019. This will enable them to evaluate the initial process to ensure that it supports claimants effectively.

The DWP had estimated that, by the end of the process, 2.09m households would have been migrated, involving 2.87m individuals, the majority of whom would have come from either tax credits (54 per cent) or ESA (36 per cent).

The government also announced that it will not begin the incorporation of Housing Benefit for pensioners into Pension Credit until the completion of the Universal Credit timetable so we can expect to be delivering HB for pensioners for some years to come.

HMRC have now set out their plans to end tax credits which is now given as 2025 due mainly to the DWP's approach to rolling out Universal Credit.

- 3.2 The Claimant

To prepare them for the transition to UC the claimant will be given a period of around four to six months to get used to the idea that they are moving from legacy benefits and will need to make a claim for UC. They will also be provided with advice outlining any additional support they can access during their migration to help them make a UC claim and what activities they can undertake prior to that migration to help them make their new UC claim, e.g. open a bank account or ensure that they have appropriate means of identification. They will also be warned that their existing entitlement to legacy benefits will be ending. Subsequently, a deadline date of at least one month

will be set by the Department who will engage with claimants to help them through the process of claiming UC.

If, however, no claim for UC had been made by the deadline date (extended by a possible one month if grounds for backdating could be established), any award of an existing legacy benefit would be terminated. Any subsequent claim for UC would be dealt with in the normal way, but would not have any of the transitional protections available to those who made a claim on time.

3.3 Transitional Protection

Transitional protection (TP) means that a monetary sum would be included within the UC award to ensure that, in cases where UC entitlement would otherwise have been less than the entitlement to legacy benefits at the point of change, entitlement would remain at the same level. The intention behind the TP rules was to follow the UC ethos of keeping it simple, so that, although the amount could be recalculated if required, a straightforward one-off comparison between legacy benefit entitlement and an indicative UC entitlement at the point of migration would provide the basis for the TP calculation. Tax credit claimants with capital in excess of £16,000 would have their capital above £16,000 disregarded for a period of 12 months in order to avoid being disentitled to UC on the grounds of failing to meet the financial conditions of entitlement.

3.4 The requirement to claim

The decision to require people to make a claim for UC rather than simply transfer them has been taken because the DWP wanted to make sure that a claimant's circumstances had been accurately captured at the start of their UC award.

It was feasible that the information historically held in relation to existing awards of legacy benefits would be insufficient for the DWP to make a UC assessment. For example, no information on capital or other benefits received is held in respect of claimants in receipt of tax credits.

The information provided in connection with a new claim for UC might also bring out some existing errors where, for example, previous changes of circumstance had not been declared. It would also allow the DWP to inform claimants more fully as to what the new UC regime would entail for them, since it was likely to be very different from their existing benefit arrangements..

Additionally, the DWP could not simply assume that all existing claimants would want to claim UC - some form of formal consent from a claimant was needed, and requiring a claim did that.

3.5 Engagement - a significant challenge!

One of the most difficult challenges for the DWP is to ensure that claimants engage particularly those who might not have had any previous contact with the DWP, or who are anxious about the changes. There are no two ways about it this is going to be a massive exercise, encouraging millions of people to make a brand new claim, provide all the evidence about their personal circumstances, rent and identity all by a set date.

However as with the UC programme itself, we understand a 'test and learn' approach will be applied to the migration process with small volumes in the initial phase, followed by a slow but increasing acceleration over time when considered safe to do so. It is anticipated that the DWP will not be committing to a detailed timetable until it is known how people react to the migration process

3.6 No way back!

The DWP have confirmed that once a claim to UC has been made the gateway to legacy benefits is closed. In practice, the UC claim triggers the termination notice (known as an HB Stop Notice). Even if a claimant withdraws or ends their UC claim (regardless of whether they have received payment), they cannot choose to claim, re-claim or seek re-instatement of a legacy benefit. This continues to apply irrespective of whether the legacy benefit termination has been actioned 'on time'.

3.7 Those not migrating

In addition to pensioners and those living in temporary accommodation claimants entitled to the Severe Disability Premium (SDP) as a component part of their existing benefit will not be migrating to UC as part of the managed migration.

3.8 Backdating

The requirement to make a new claim is pretty unique in migrating claimants from one benefit to another and representations were made to the DWP about making the backdating provisions more generous. .

The DWP has, however, taken the view that a deadline was needed in order to achieve the desired result. The approach was therefore to provide the necessary support before the deadline was reached but still allow a one month backdate if appropriate. However it's likely that there will be flexibility for this period to be extended, if it is identified that certain claimants require a longer time to make a new UC claim, e.g., those who are vulnerable or have complex needs.

4.0 Impact on Partnership

Requests to the LA for information and the sharing of Universal Credit award details are received via an electronic file as part of the Universal Credit Data Share arrangements (UCDS) .

The work required on receipt of a UCDS file requires one of the following actions :-

- The cancelling of HB as soon as we are aware a claim for UC has been made (stop notice received)
- 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.

- Compare the information held in the file received with other evidence we may already have available and liaise with the Work Coach Team at DWP if discrepancies are found (i.e. incorrect rent figure detailed)
- Where a customer is in receipt of Council Tax support, ensure the universal credit data contained within individual files is loaded correctly onto the Academy system and inform the CTS recipient of their subsequent award.

In the past 12 months since 1st August 2017, we have received and actioned 19,222 UCDS files received in relation to customers within the Hinckley and Bosworth and Harborough area. This equates to 370 per week / 74 per working day.

Since we started receiving UCDS files for North West Leicestershire (Feb 18) up to the current date we have received and actioned 3292 in this 6 month period. This equates to 126 per week / 25 per working day).

We currently allocate 3 FTE's to deal with the average of 99 files received per day

5.0 The National Audit Office

In my previous report I mentioned that the NAO had serious misgivings about the roll out of UC their opinion has not changed and in June 2018 they issued a critical report stating that despite more than £1bn in investment, eight years in development and a much hyped digital-only approach to transforming welfare, is still in many respects unwieldy, inefficient and reliant on basic, manual processes.

The report notes that despite recent improvements, one-fifth of new claimants in March 2018 did not receive their full entitlement on time. Some 13% received no payment on time.

Separately, the High Court has ruled that government's failure to protect benefit rates for severely disabled people migrating to universal credit is unlawful. This dealt with the huge losses being suffered by disabled claimants and may be why the decision has ultimately been made not to migrate those in receipt of a severe disability premium for the present.

. 6.0 Personal Budgeting Support

The Secretary of State for Work and Pensions has recently announced a new partnership between the DWP and Citizens Advice Bureau to deliver universal support from April 2019. Currently this support is provided by LA's and a total of £51m will be paid to the CAB partly to help them get ready for delivery next year.

Concerns have been raised by the LGA because LA's were not given advance notice of the announcement nor were they asked for their views on the proposals. This is particular galling for those LA's who have invested a significant amount of time and effort into putting internal processes in place to provide support and advice on a wide range of budgeting challenges that clients transitioning to UC face.

7.0 The Future

The DWP have confirmed that the fundamental principles behind UC including the monthly assessment period, the principle of digital by default and claimant responsibility for managing their own finances will not be changing.

However the timetable for implementation has been beset by problems UC should have been up and running by April 2017 and is now not expected to be fully operational until December 2023.

The government was intending to begin moving almost four million people onto universal credit from January 2019, initially in small batches. Larger scale movements were due to start July 2019.

The latest is that initial testing has been pushed back to next summer, and large-scale movement won't begin until November 2020 at the earliest which may mean that a further nine months is added to the final deadline which takes us to September 2024. .

The revised timetable is of course highly dependent upon the Government not bowing to increasing pressure to either halt or delay the managed migration still further.

All three LA's have experienced a reduction in their overall caseload which is detailed in the performance report. The current numbers in receipt of UC can only be identified at a local level if they are in receipt of council tax support and have given UC as their source of income.

The number of UC live claims (in receipt of LCTS) for the partnership is:

NWLDC : 435
HDC : 335
HBBC : 735

8.0 The Budget

The Chancellor has announced that the Treasury will provide an additional £6.6 billion over the next six years to smooth the introduction of UC.

The changes will include:

- the amount that households with children, and people with disabilities can earn before their Universal Credit award begins to be withdrawn – the Work Allowance – will be increased by £1,000 from April 2019. This means that 2.4 million households will keep an extra £630 of income each year
- Building on the Autumn Budget 2017 announcement that Housing Benefit claimants will receive an additional payment providing a fortnight's worth of support during their transition to Universal Credit, the government will extend this provision to cover the income-related elements of Jobseeker's Allowance and Employment and Support Allowance, and Income Support. This will be effective from July 2020, and benefit around 1.1 million claimants.
- From October 2019, the government will reduce the maximum rate at which deductions can be made from a Universal Credit award from 40%

to 30% of the standard allowance. This will ensure that those on Universal Credit are supported to repay debts in a more sustainable and manageable way. From October 2021, the government will also increase the period over which advances will be recovered, from 12 to 16 months.

November 2018