

## **For Publication**

### **Community, Customer & Organisational Scrutiny Committee**

**26<sup>th</sup> March 2019**

#### **Progress Report on Implementation of Full Service Universal Credit in Chesterfield Borough Council (CBC)**

##### **1. Background**

1.1 Universal Credit (UC) full service was successfully implemented in Chesterfield in late November 2017 and replaced the following benefits:

- Child Tax Credit
- Housing Benefit
- Income Support
- Income-based Jobseeker's Allowance (JSA)
- Income-related Employment and Support Allowance (ESA)
- Working Tax Credit

1.2 This change was implemented smoothly and to date transitional arrangements for claimants in CBC continue to be well managed. In June 2018 full service was also successfully rolled out in Staveley as part of the ongoing introductory stages in the Borough and other areas across the UK.

1.3 The impact of these changes has been monitored by the Scrutiny committee and updates have been formally presented in May, July and November 2018 all confirming ongoing positive implementation despite a very challenging system for staff teams and claimants in terms of both complexity, and accessibility.

1.4 The Benefits team remains in regular contact with the DWP, partners and stakeholders to both manage and where possible influence plans and arrangements to ensure the best possible outcomes are achieved for claimants and CBC.

## **2. Current Position**

- 2.1 The Benefits Team continue to work tirelessly to ensure the best possible service for claimants. It is acknowledged that the service teams have a great deal of influence upon the well-being of individuals on both mental and financial levels. Success to date has been achieved via proactive local networking and also proactive client communication. The team constantly not only monitor the key DWP publications but actively challenge to ensure they are as robust as possible. All staff are trained to a high level and also give advice to other agencies.
- 2.2 The CBC team have established an ongoing collaborative relationship with the DWP and CBC and Arvato partners remain known as a best practice partnership. The continued commitment from the Council and Elected Members is ensuring the best reputation possible for the organisation, whilst simultaneously looking after the best interest of the service users.
- 2.3 Universal Support covering assisted claiming and budgeting support is transferring nationally to the Citizens Advice Bureau (CAB) from 1<sup>st</sup> April 2019. There is a risk that this provision may fall short of demand which could see an increase in unpaid rent and council tax.
- 2.4 75% of the support provided to UC claimants has come in the form of Assisted Claiming. CBC have assisted 514 times since 29<sup>th</sup> November 2017 when UC was implemented. The Chesterfield CAB is planning to create a post for 14 hours a week from the reallocated funding by 1<sup>st</sup> April 2019; however this process has not started yet.
- 2.5 There are no known plans to extend CAB opening times although this may change in the future. UC is also awarded from the date a claim is made, and therefore any delays in applications will likely result in a loss of income and housing costs payments to claimants.
- 2.6 Assisting claimants is now embedded into CBC's customer service processes. A decision has to be made whether CBC refer all claimants needing support to the local CAB and the associated

revenue risk, or continue to provide an Assisted Claim service for cases identified through CBC maintaining the current in-house process.

- 2.7 There is currently capacity to maintain current CBC service levels including Assisted Digital Claiming support. However - full UC migration has yet to be implemented and the resource impact will need careful consideration once the scale and resource needs can be better understood around the timing, existing workload and duration of the change process.
- 2.8 Discussions are being held regarding potential future arrangements with the Chesterfield Jobcentre to explore if there can be a local arrangement where there is a transfer of funds from the CAB to CBC for continuing to provide Assisted Claims support.
- 2.9 The Council and Arvato have recently published a new HMRC Help to Save tool which is a type of savings account. It allows certain people entitled to Working Tax Credit or receiving UC to get a bonus of 50p for every £1 they save over 4 years. Help to Save is backed by the government so all savings in the scheme are secure.
- 2.10 Managed migration has been delayed further with the main migration starting in January 2020 with an expected end date of June 2024. Testing of no more than 10,000 cases nationally is scheduled for July 2019 – no further information has been received.
- 2.11 From 16<sup>th</sup> Jan 2019 anyone with a severe disability premium in their legacy benefit cannot claim UC until managed migration. The council has started to take Housing Benefit (HB) claims again for these claimants.
- 2.12 From 1<sup>st</sup> February 2019 households with more than two children wanting to make a new claim for support with housing costs have to claim UC rather than HB.
- 2.13 The DWP issued a report dated 21<sup>st</sup> February 2019 advising that they are now correcting past underpayments of Employment and

Support Allowance (ESA) through two phases of work – Phase 1 complete by end April 2019, Phase 2 by December 2019. On average the DWP reports that affected individuals may be entitled to up to £4000 in arrears ( rounded) but the actual amount will vary amongst individuals and depend on their circumstances  
**(Appendix 1 refers)**

2.14 The following information gives an overview of basic facts and figures relating to UC and the year to date:

	<u>Period of measurement</u>	<u>Numbers</u>	<u>Notes</u>
Number of Universal Credit notifications from the DWP for the assessment of Council Tax Support	29.11.17 to 15.02.19 Of which from 01.04.18	22240 18546	
Housing benefit transitional payments – 2 week extension of Housing Benefit	11.04.18 to 15.02.19		New legislation from 11.04.18
Number of awards -		416	
Take up letters for Council Tax Support for Universal Credit recipients	29.11.17 to 15.02.19	1537	New procedure introduced from 18.01.19 to ensure follow up for those people that will qualify for CTS but have not claimed by our Benefit Advisor.  Some quite vulnerable have been helped to claim.
Number of Council Tax Support claims live in payment for Universal Credit recipients	As at 15.02.19	1504	
Benefit take up activity to identify underpayments of	As at 07.02.19		

Employment and Support Allowance to ensure transitional protection when the claimants migrates onto Universal Credit – arrears of ESA  Increase in awards – Arrears payments –		116 £617682	
Discretionary Housing Payments <u>made to Universal Credit recipients</u>  Number of awards – Value of awards – Percentage of total DHP awards - Percentage of DHP spend -	01.04.18 to 14.02.19	225 £119217.59 56.53%  54.62%	Total DHP awards in 2018-19 to date is 398 valuing £218268. 92.6% of 2018-19 DHP allocation of £235,699 has been spent/committed
Universal Credit assisted claims Universal Credit budgeting support	29.11.17 to 31.01.19 29.11.18 to 31.01.19	514  176	Universal Support transfers to the Citizens Advice Bureau from 01.04.19.
Food bank vouchers issued as part of budgeting support	Since 27.11.18	31	

2.15 There has been no further commentary on the National Audit Office report 'Rolling out Universal Credit', published in June 2018, details of which were included in the progress report to Scrutiny Committee in November, 2018.

2.16 At the November 2018 Scrutiny meeting officers were asked to explore whether it was possible to further increase opportunities for access to IT to enable claimants to keep their online journals updated; and whether printed information about where IT access and advice was available - could this information be provided for local distribution. The current position is:

- That information is coordinated through partners and this is updated frequently in tandem with ongoing changes to

processes implemented by the DWP (**Appendix 2 refers**). Information distributed generally can become outdated quickly and create challenges for both staff coordinating and the customer complying if anything is out of date. The staff team information is comprehensive and is managed at contact points so as to be readily available to ensure customers receive timely, accurate and up to date information and can also be offered support as needed. General distribution is not considered to add significant value and could potentially create claim issues.

- Food Bank information is also made available where support need is identified with any claimants (**Appendix 3 refers**).
- Access to IT remains a future rather than immediate concern. There are a number of local venues identified and at present there is no negative customer feedback suggesting IT access is inadequate. This may change where the DWP alters process such as Assisted Digital Claims and the local CAB delivery may not be sufficiently available or geographically as accessible as required. Introduction of full UC migration will bring increased volume and potential greater IT access and support demand; this will require careful monitoring.

### **3. Financial Information**

#### 3.1 CBC Rent team analysis of tenants that are in receipt of/have been affected by UC:

	Nov-18	Feb-19
Number of households	976	1130
Total Balance	£358,659.89	£363,862.80
Average balance	£367.48	£322.00
In arrears	755	840
Average arrears for those in arrears	£513.49	£490.56

#### 3.2 The position is that unlike HB it is not known exactly how many tenants are currently receiving UC. This is an ongoing analysis. The CBC Benefits team continue to carry out reconciliation for

managed payments to identify which tenants are recorded by the Rent team as having managed payments but there is no claim for Council Tax Support.

3.3 The difference between the Rent team figures and the Benefit team figures is because:

- Not everyone claiming UC will claim Council Tax Support or the claim is yet to be assessed
- Not everyone claiming UC will qualify for Council Tax Support
- People are on and off UC which is reflected in the Council Tax Support figures but not in the rent figures

3.4 The Council can expect that the actual number of Council tenants currently receiving UC will fall somewhere between the 1130 figure provided by the Rent team and the 831 provided by the Benefit team.

3.5 2019-20 is a 53 week rent year but the UC calculation is based on 52 weeks. The Benefits team have escalated this with the DWP as have other landlords and the situation is under review.

3.6 This issue is complex because there is always more than 52 weeks in a year which is why there is a need for a periodic 53 week year to address this. CBC has a 53 week rent year about every 6 years. Over a 6 year period to include the leap year the average number of weeks is 52.16

- Example using an average rent of £87

Customer receiving £377.00 a month for housing cost support in UC (£87 x 52/12)

$£87 \times 52.166/12 =$  the monthly housing cost figure is £378.20.

The monthly underpayment is £1.18 over 72 months which amounts to £84.96

3.7 Based on **current figures as at 3.4 above** - taking a midpoint figure of 980 which is between the 1130 figure provided by the Rent team and the 831 provided by the Benefit team – 980 x £84.96 amounts to an overall impact of £83,261 over a six year period. This is of course subject to change as the number of tenants receiving UC will change over time.

3.8 CBC Rent Arrears are as follows:

Rent arrears analysis for people **claiming CTS** with Universal Credit as income

	25.06.17	08.04.18	03.10.18	11.11.18	17.02.19
Total number	122	337	605	672	831
Balance owed	58,023.10	112,420.74	219,785.10	231,072.40	329,364.79
Average balance	475.60	333.59	363.28	343.86	396.35
Average balance for those in arrears	649.99	465.38	470.63	474.08	493.80
Zero balance	4.00	12.00	32.00	23.00	24.00
Credit balance	23.00	59.00	106.00	121.00	141.00
Direct debit	6.00	27.00	63.00	73.00	90.00
Managed payment	16.00	77.00	105.00	228.00	300.00
Ave balance for those on managed payment	631.67	350.06	689.52	605.72	722.94
<u>All tenant stats for comparison</u>					
Average rent arrears - all tenants				69.56	85.82
Average arrears for those in arrears				300.49	330.99
Average arrears for HB claimants				178.57	180.70
Average arrears for none HB claimants				371.81	408.47

## 4 **Future Considerations**

4.1 From 15<sup>th</sup> May 2019 mixed age couples, (where one member is pension age and one is working age) will not be eligible for pension credit. The couple will have to claim UC which is a lesser amount. There are 19 households identified in the Chesterfield database that may benefit from claiming Pension Credit before this date.

4.2 The DWP have reported an underpayment of Employment and Support of up to £870 million. This is for claims made in the period



January 2011 to October 2014. This includes the Severe Disability Premium not being considered. The Benefits team have previously asked if the exercise to identify these cases will be completed before January 2019. An update was provided by the DWP on 21<sup>st</sup> February 2019 stating the exercise is scheduled to be completed by the end of 2019. The result of this delay is that people are still migrating onto UC via natural migration that should have the Severe Disability Transitional Protection that was introduced in January 2019. Compensation for those naturally migrating to UC is less than the transitional protection sum will be.

- 4.3 The exercise carried out by the Benefits Team to identify underpayments of the Severe Disability Premium in Employment and Support awards should have helped to minimise the number of households naturally migrating onto UC where there is an underlying entitlement to the Severe Disability Premium. However this will not have automatically stopped any incidents occurring.
- 4.4 Ongoing issues for carers with no carer element in their UC calculation continue to impact. The income is being taken into account but the Carer element is not. Claimants are not getting as much UC as they should. Benefit staff continue to look out for these cases and are advising the customer on how to get the Carer element included in their UC award.
- 4.5 Limited capability for work decisions not being made or delayed continues to mean underpayments of UC.
- 4.6 Sole Occupiers with others named on a tenancy even though they are not resident only have UC award calculated using 50% or less housing costs.
- 4.7 The Discretionary Housing Payment (DHP) Budget allocated to CBC for 2019-20 has reduced from £235,699 to £189,696, a reduction of £46,003 equating to approximately 20%. This reduction is being appealed.

- 4.8 The average DHP award is £548.41 which in respect of reduced future funding equates to either 89 less awards being made after 1<sup>st</sup> April 2019 - or all future awards being at a lower amount.
- 4.9 Part of the UC principles was that claimants take responsibility for their claims and this includes notifying the DWP about changes to their rent. CBC are still identifying cases where the housing costs for council tenants are being calculated on a 48 week rent year instead of a 52 weeks. The DWP are engaged regarding this issue. The DWP will not amend a UC claim in consultation with the CBC team, however they do put a note on the specific claimant's on line journal to confirm what CBC have advised.
- 4.10 Despite repeated representation from CBC the DWP will not amend the 48 week calculations.
- 4.11 The CBC team are planning an exercise to review all known tenants on UC to check the housing costs in the UC award.
- 4.12 There is a rising risk regarding Assisted Digital Claiming due to emerging capacity and service availability ( **2.3 refers** ). Further discussion will be required within the PPP about cost and delivery of this service subject to the impact of yet to be triggered full migration.

## **5 Conclusions**

- 5.1 Chesterfield continues to perform positively through proactive work with stakeholders at local, regional and national level.
- 5.2 Claimants continue to be well supported and resources delivering service are proving to be appropriately skilled and trained to provide sustainable delivery. It is however noted that on-going changes and proposals will now mean different ways of working both internally and with partners including the CAB externally.
- 5.3 Rising risks linked to implementation of full migration will need careful forward planning and resource allocation in terms of

capacity and training to ensure impact on claimants and the CBC are maintained at the lowest possible level. Service delivery such as Assisted Digital Claim support is already creating challenges for both the organisation and claimants and CBC resourcing may need further review.

- 5.4 Questions should continue to be raised by the Benefits team requiring timely response from the DWP to ensure claimants are paid correctly – or that the DWP at least recognise that any resultant underpayments being made will require rectification. Further contact with the DWP is to be actioned as necessary.
- 5.5 The DWP continues to limit communications and decision making to the customer and through the online customer journals. CBC and other organisations are having on going challenges in coordinating and successfully sign posting customers to receiving UC during the application process and the right levels of entitlement. This position means increased risk to successful revenue budget targets being met.

## **6 Recommendation**

- 6.1 That the report is accepted and the current approach to managing Universal Credit in Chesterfield Borough is further endorsed to ensure the current quality of service delivery and associated outcomes for claimants and the organisation are at least maintained and wherever possible - improved.
- 6.2 That the Council and Elected Members take any necessary steps to engage with identified partners and other key stakeholders to escalate known problems with process, communications or calculations and \ or opportunities that require action in the successful provision of UC services.

### **Attachments:**

Appendix 1 – DWP ESA Report February 2019

Appendix 2 - Universal Credit Support.

Appendix 3 – Food Bank Support