

For Publication

Community, Customer & Organisational Scrutiny Committee

– 27 November, 2018

Progress Report on Implementation of Full Service Universal Credit in Chesterfield Borough Council

1. Background

- 1.1 Universal Credit full service was 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 Chesterfield have been well managed and any negative impact on residents kept to the lowest possible level. In June 2018 full service was also rolled out in Staveley as part of the ongoing introductory stages in the Borough and others 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 and July 2018 both confirming positive implementation progress despite a very challenging system for claimants in terms of both complexity, and accessibility.
- 1.4 The benefits team are in regular contact with partners and stakeholders to both manage and where possible influence plans and arrangements to ensure the best possible outcomes are achieved for claimants and the organisation.

1.5 Previous recommendations relating to support for the Staveley roll out arising from meetings in May and July have been considered and actioned subject to consideration of all relevant factors including associated support and partnered working with other local and county based stakeholders. Appendix 1 refers. A case study has been provided (Appendix 2 refers) which illustrates the complexity and impact of the scheme both on the claimant and the actions required by the benefits team to provide necessary intervention and support.

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 team have developed a great relationship with the DWP, this has only been made possible through determination and passion, and by the reputation and performance of the service. Through these efforts Chesterfield Borough Council and Arvato partners have been flagged as a best practice organisation. The continued support from the Council and elected members will ensure the best reputation possible for the organisation, whilst simultaneously look after the best interest of the service users.

2.3 A group of benefit staff attended a Staveley job centre team meeting on 09.10.18 and considered several key areas

- Council Tax Support
- Discretionary Housing Payments
- Budgeting Support
- Assisted claiming
- Carer elements in the UC calculation
- Problem with joint tenants. CTS and DHP claim forms were left and contact numbers exchanged. The team are starting to get phone calls for problem cases.

2.4 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	01.04.18 to 14.11.18	12247	
Housing benefit transitional payments – 2 week extension of Housing Benefit Number of awards - Value of awards -	11.04.18 to 13.11.18	306 £45,000	New legislation from 11.04.18 Currently being done as manual awards
Take up letters for Council Tax Support for Universal Credit recipients	29.11.17 to 13.11.18	1000	Additional take up activity is ongoing to follow up. Manual calculation to determine if will qualify for CTS
Number of Council Tax Support claims live in payment for Universal Credit recipients	As at 12.11.18	1229	
Benefit take up activity to identify underpayments of Employment and Support Allowance to ensure transitional protection when the claimants migrates onto Universal Credit – arrears of ESA Increase in awards – Arrears payments –	As at 13.11.18	110 £577,328	
Discretionary Housing Payments <u>made to Universal Credit recipients</u> Number of awards –	01.04.18 to 13.11.18	157	Total DHP awards in 2018-19 to date is 309 valuing £161,255.61. 68.42% of 2018-19

Value of awards – Percentage of total DHP awards - Percentage of DHP spend -		£81,732 50.81% 50.68%	DHP allocation of £235,699 has been spent.
Universal Credit assisted claims Universal Credit budgeting support	29.11.17 to 31.10.18 29.11.18 to 31.10.18	446 146	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	27	

2.5 In the report 'Rolling out Universal Credit', published in June 2018, the National Audit Office (NAO) concluded that:

- DWP's expectation that universal credit will eventually deliver £8 billion of net benefits a year - through a combination of savings from encouraging 200,000 more people into work, reducing error and fraud, and reducing the costs of administering benefits - is based on 'unproven assumptions'
- the Department will never be able to measure whether UC actually leads to 200,000 more people in work, because it cannot isolate the effect of universal credit from other economic factors in increasing employment
- planned efficiency savings are negated by the extra costs of providing the benefit system to those that are in work so that administration may cost more than the previous system of benefits, with current running costs at £699 per claim, against an ambition of £173 per claim by 2024-25
- the Department does not know whether universal credit is reducing fraud and error since it has not fully developed risk analysis systems to enable staff to effectively identify potential fraud
- one in five claimants do not receive their full payment on time, and the DWP does not expect payment timeliness to improve significantly in 2018
- the Department has not shown sufficient sensitivity towards claimants who struggle to adjust to universal credit, and does

not know how many claimants are having problems with the programme or have suffered hardship

- it has responded to operational concerns raised by external organisations, such as making changes to the wording on claims material, but has not been clear how it tracks and responds to concerns raised about the impact of its wider policy design choices
- there is evidence of additional costs for local organisations - such as through increased administration for local authorities, managing increased rent arrears for housing associations and landlords, and increased use of foodbanks - however, the DWP does not include these costs in its estimate of the programme costs and does not systemically collect data on them.

2.6 As a result of the findings, the NAO has recommended that the programme does not expand further before the DWP is sure that universal credit systems can deal with higher claimant volumes. In addition, the NAO says that the DWP needs to collect data on, and learn from, the experiences of claimants and third parties on how universal credit is working in practice.

2.7 The DWP also state 'We think the larger claims for universal credit, such as boosted employment, are unlikely to be demonstrable at any point in future. Nor for that matter will value for money.'

2.8 The Benefits team continue to feedback to the DWP to ensure best possible information is available to inform future decisions.

3. Financial Information

3.1 Rent team analysis of tenants that are in receipt of/have been affected by Universal Credit:

- Number of households
976
- Total Balance
£358,657.89

- Average balance
£367.48
- In arrears
755
- Average arrears for those in arrears
£513.49

- 3.2 The growing problem is that unlike Housing Benefit it is not known exactly how many tenants are currently receiving UC. This is an ongoing analysis. The Benefits team are carrying 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 Universal Credit will claim Council Tax Support or the claim is yet to be assessed
 - Not everyone claiming Universal Credit will qualify for Council Tax Support
 - People are on and off Universal Credit 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 Universal Credit will fall somewhere between the 976 figure provided by the Rent team and the 672 provided by the Benefit team.
- 3.5 2019-20 is a 53 week rent year but the UC calculation is based on 52. The Benefits team have escalated this.
- 3.6 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
Total number	122	337	605	672
Balance owed	58023.1	112420.74	219785.10	231072.4
Average balance	£475.60	£333.59	£363.28	£343.86
Average balance for those in arrears	£649.99	£465.38	£470.63	£474.08
Zero balance	4	12	32	23
Credit balance	23	59	106	121
Direct debit	6	27	63	73
Managed payment	16	77	105	228
Ave balance for those on managed payment	£631.67	£350.06	£689.52	£605.72

All tenant stats for comparison

Average rent arrears - all tenants	£69.56
Average arrears for those in arrears	£300.49
Average arrears for HB claimants	£178.57
Average arrears for none HB claimants	£371.81

Media FOI data in the public domain based on figures from 129 Local Authorities

Average arrears for UC claimants	£662.56
Average arrears for HB claimants	£262.50

4. Future Considerations

- 4.1 Universal Support covering assisted claiming and budgeting support is transferring to the Citizens Advice from 01.04.19. A meeting was held with the Chesterfield CAB Manager on 01.11.18. The CAB are interested in a partnership for the Benefit team to continue with the assisted claims. Withdrawal of this service could see a cost in unpaid rent and council tax.
- 4.2 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 in July 2019
- 4.3 From Jan 19 anyone with a severe disability premium in their legacy benefit won't have to claim UC until managed migration.

This means the council will have to take HB claims again for certain claimants and this will be an administrative burden to get right. There is an outstanding query about what happens to those claimants who have the Severe Disability Premium in an assessment of Housing Benefit but not another DWP benefit. Arvato have referred this question to Welfare Rights.

- 4.4 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 has asked if the exercise to identify cases will be completed before January 2019. The council will still have people migrating onto Universal Credit that should have the Severe Disability Transitional Protection. Compensation for those naturally migrating to Universal Credit is less than the transitional protection will be.
- 4.5 There are ongoing issues for carers with no carer element in their UC calculation. The income is being taken into account but the carer element isn't, so they are not getting as much Universal Credit as they should have. Benefit staff are looking out for these cases and advising the customer on how to get the carer element included in their universal credit award.
- 4.6 Limited capability for work decisions not being made or delayed is meaning underpayments of Universal Credit
- 4.7 Sole occupiers with others named on a tenancy even though they are not resident will only have Universal Credit award calculated using 50% or less housing costs.
- 4.8 53 week Rent year requires re calculation however the DWP are fixed at a 52 week calculation. The situation is being escalated and the Benefits team preparing options subject to response.

5. Conclusions

- 5.1 Chesterfield continues to perform positively through proactive work with stakeholders at local, regional and national level.
- 5.2 Claimants are being 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 may mean different ways of working both internally and with partners such as the CAB externally.
- 5.3 Rising risks linked to full migration proposals will need careful forward planning and resource allocation in terms of capacity and training to ensure impact on claimants and the organisation are maintained at the lowest possible level.
- 5.4 A number of questions raised by the Benefits team require response from the DWP to ensure claimants are paid correctly – or at least recognise that underpayments are being made that will require rectification. Further contact with the DWP to be actioned.

6. Recommendation

- 6.1 That the report is accepted and the current approach to managing UC in Chesterfield Borough be endorsed to ensure the current quality of service delivery and associated outcomes for claimants and the organisation are at least maintained and improved wherever possible and to enable the Council to take any necessary steps with partners and other key stakeholders to escalate identified problems or opportunities that require action or need resolving with the DWP services.

Appendices

Appendix 1 – Cabinet Member Response to Scrutiny Committee
Recommendation 16.07.18

Appendix 2 – Universal Credit Case Study