

For Publication

Community, Customer & Organisational Scrutiny Committee

30th January 2020

Progress update 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 formal updates have been presented in May, July November 2018 and March 2019 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 continues to be 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 and collaborate other agencies such as CAB.
- 2.2 The CBC team have established an ongoing positive collaborative relationship with the DWP; this has only been made possible through determination and passion, and by the reputation and performance of the service. CBC and Arvato partners remain 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 has transferred to the Citizens Advice Bureau (CAB) from 1st April 2019. A collaborative meeting was held with the Chesterfield CAB Manager on 1st November 2018 regarding implementation and interim support from Arvato at the implementation stage. A subsequent meeting was held post April implementation to confirm new operating arrangements and the Assisted Claims support. There remains a risk to the Council that withdrawal of this service could see an increase in unpaid rent and council tax. The risk is reviewed as part of the Public Private Partnership (PPP) reporting board. After a conversation with the CAB on 19th December 2019 it is unclear yet if the arrangement between the DWP and the CAB will continue into 2020-21. In November 2019 the DWP announced a £10m fund being made available from April 2020 to help vulnerable people claim Universal Credit. The details of this are not yet available to us.

- 2.4 Recent contact with the CAB requesting data on assisted claims completed to date has not yet received a response, and therefore the service team have been unable to produce reliable data on current volumes.
- 2.5 The Council and Arvato have published a 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.
- 2.6 “Help to Save” is backed by the government so all savings in the scheme are secure.
- 2.7 Managed migration remains delayed with the main migration originally scheduled for starting in January 2020 with an expected end date of June 2024. Testing of no more than 10,000 cases nationally started in Harrogate in July 2019. The CBC UC team have been told through LA conversations that the numbers of people that have migrated from legacy benefits to Universal Credit in Harrogate are as little as 10. The DWP are not sharing the details with Local Authorities. It was announced at a DWP/LA liaison meeting held in Birmingham on the 29th November that there were no current plans to extend managed migration to other areas. This is contrary to the original published plans of starting in January 2020. A written question regarding migration was publicised as part of Parliamentary Business on 19th December – responded to on 13th January advising an update due in the spring with a further report to Parliament in the Autumn (**Appendix 5 – full response**).
- 2.8 From 16th 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. Recent information from the DWP suggests that for this exemption of people with the Severe Disability Premium, claiming Universal Credit will continue until January 2021
- 2.9 From 1st 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.

- 2.10 The DWP issued a report dated 21st February 2019 advising that they are now correcting past underpayments of Employment and Support Allowance (ESA) through two phases of work – Phase 1 was completed by the 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.
- 2.11 From 15th May 2019 mixed age couples, (where one member is pension age and one is working age) became in-eligible for pension credit. The couple now have to claim UC which is a lesser amount.
- 2.12 The Benefits Service is proactively identifying Council Tax Support claimants in receipt of Universal Credit that will need to reclaim Housing Benefit due to reaching pension age and not a mixed age couple. This is to provide benefit advice on claiming Housing Benefit and Pension Credits. CBC has identified 2 people that will need to reclaim Housing Benefit when they reach Pension age on the 6th Jan 2020 and both have been contacted by the CBC Benefit Advisor.
- 2.13 The Discretionary Housing Payment (DHP) Budget allocated to CBC for 2019-20 reduced from £235,699 to £189,696, a reduction of £46,003 equating to approximately 20%. Current payments are being managed within budget and numbers maintained - but recipients are receiving less. The DHP budget for 2020-21 has not been announced and is expected to be made available to the council in January 2020. The UC team do know that how the money is allocated by the DWP may change in 2020-21 taking into account how much of the DHP budget is spent/overspent. This was mentioned at the November liaison meeting but again no specific details were provided.
- 2.14 Benefits Sanctions are applied where a claimant fails to meet one or more conditions of their benefit claim; without good reason, the benefit could be stopped or reduced. This is a benefit sanction. Not everyone that is initially referred for failing to meet the conditions of their claim will receive a sanction. Where a claimant's benefit is reduced, the claimant may be eligible for a hardship payment.

2.15 Nationally - As at August 2019 2.39% of UC claimants in the conditionality group were having a payment deduction as a result of a sanction. This is compared to 0.06% JSA claimants and 0.05% ESA claimants in the work conditionality group. The highest JSA sanction rate since 2012 was 1.78% in Oct 2013 and for ESA 1.14% in April 14.

Reason for the sanction

Work focused interviews	90.6%
Availability for work	7.5%
Employment programs	1%
Reason for leaving previous employment	0.8%
Other	0 %

2.16 Sanction statistics should not be compared across benefits as the policies for each benefit are very different. On Jobseeker’s Allowance, if a claimant fails to attend a Work-Focused Interview, their claim can be closed. However, because Universal Credit replaces a number of benefits, claims are not closed if a claimant fails to attend a Work-Focused Interview.

2.17 In the period from May 2019 to July 2019, 88% of UC full - service decisions occurred due to failure to attend or participate in a Work-Focused Interview.

2.18 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	29.11.2017 to 31.03.2018	3,671	
	01.04.18 to 31.03.19	23,856	

	01.04.19 to 31.12.2019	17,274	
	Total	44,801	
Housing benefit transitional payments – 2 week extension of Housing Benefit Number of awards -	11.04.18 to 31.12.2019	743	New legislation from 11.04.18
Take up letters for Council Tax Support for Universal Credit recipients	29.11.17 to 31.12.2019	3513	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 31.12.19	2258	
	Of which council tenant	1237	
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 Potential take up identified Increase in awards – Arrears payment value	As at 31.12.19	347 143 to date £784014	

Discretionary Housing Payments <u>made to Universal Credit recipients</u>	01.04.18- 31.03.19		Total DHP awards in 2018-19 to date is 398 valuing £218268.	
	Number of awards –	237	92.6% of 2018-19 DHP allocation of £235,699 has been spent/committed	
	Value of awards –	£131,337		
	Percentage of total DHP awards -	53.62%		
	Percentage of DHP spend -	54.77%		
		01.04.19-31.12.19		
	Number of awards –	192		
	Value of awards –	£88,985		
Percentage of total DHP awards -	63.6%			
Percentage of DHP spend -	64%			
Universal Credit assisted claims	29.11.17 -30.11.19	696 (of which 104 in 2019-20)	Universal Support transfers to the Citizens Advice Bureau from 01.04.19.	
Universal Credit budgeting support	29.11.18 -31.03.18	190	Continued support being provided where required from CBC for assisted claims only	
Food bank vouchers issued as part of budgeting support	Since 27.11.18	36		

2.19 There has been no further commentary on the National Audit Office report 'Rolling out Universal Credit', published in June 2018, details of which were noted at Scrutiny in November 2018 and March 2019.

- 2.20 The CBC Benefits team continue to feedback and challenge the DWP to ensure best possible information is available to inform future decisions and influence positive change.
- 2.21 From 1st April 2019 Universal Support that includes Budgeting Support and Assisting Claiming for UC transferred from CBC to Chesterfield CAB. This is a national arrangement with the CAB. The CAB will provide a universal service. To date the CBC benefits team still provide support where identified at point of contact with other claims issues/tenancy sign up. There has been no formal feedback or case challenges received through any channels to suggest the CAB service is not performing effectively.
- 2.22 Discussions regarding a local SLA arrangement where there is a transfer of funds from the CAB to CBC for continuing to provide Assisted Claims support have not progressed. This is due to fund terms and the local CAB confirming their capacity to deliver.

- Risk

- 100% of the support provided to UC claimants has come in the form of Assisted Claiming since April 2019. CBC had assisted with 696 claims since 29th November 2017 when UC was implemented.
- The Chesterfield CAB have commenced delivery from 1st April 2019 using a range of venues, partnered CAB resources, and an appointment system which is being monitored by CBC with regard to claimant impact.
- There are no known firm plans to extend the CAB service offer although this may change in the future. UC is awarded from the date a claim is made, and delays in applications will result in a loss of income and housing costs payments to claimants.
- The CBC team continue to provide some assisted claims support as often the customer contact and benefits

assessment process is a very complex mix, and in some instances, there is a need to address this element for timely claim success at the first point of contact. Support is also offered at council tenancy sign up sessions.

- Claimants must be aware of sanction implications applicable to UC claims to avoid potential reduction in benefit and impact of hardship claims being made.

2.23 Full UC migration has yet to be implemented and if continued beyond 2020, the CAB role will need continued careful monitoring so as to allow CBC to risk manage any potential local debt and hardship escalation happening.

2.24 CBC continued to receive assisted claim referrals from the Job Centre (4 in September) and the team has contacted the centres UC lead as to discuss. It does appear that these referrals have now stopped.

2.25 At the November 2018 Scrutiny meeting officers were asked to explore whether it was possible to 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 position was reported in March 2019 and remains unchanged:

- That information is coordinated through partners and this is updated frequently in tandem with ongoing changes to processes implemented by the DWP 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 continues to be made available where support need is identified with any claimants. Vouchers are to be distributed through the CBC team. A meeting between the Food Bank Manager and our Benefits advisor took place in mid-September. It was decided that vouchers should only be issued by CBC staff where the customer is being seen for other reasons such as rent arrears advice and not for 'walk ins'
- 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 if the local CAB delivery proves to be difficult to access for appointments or be 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 consideration. Managed migration roll out was planned for 2020 however the DWP announced in November 2019 that do not have any set plans for managed migration at the moment, so the actual start date and details are not know.

3. Financial Information

- 3.1 CBC Rent team analysis of tenants that are in receipt of/have been affected by UC – current tenants is attached as **Appendix 1**. The 09.12.19 and 06.01.19 (Appendix 1 columns F and H) show the reduction of arrears after the managed payments from the DWP have been credited to tenant's rent accounts.
- 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 (see 3.9 and **Appendix 1**) 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 total number of households occupying council tenancies in arrears increased from 4803 November 2018 to 4873 in November 2019. The percentage of rent collected as at collection week 36 in 2018 was 96.96% compared to 94.88% in 2019.

3.5 The Council can expect that the actual number of Council tenants currently receiving UC will fall somewhere between the 1796 figure provided by the Rent team and the 1237 provided by the Benefit team.

3.6 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 unchanged.

3.7 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 ($£87 \times 52/12$)

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

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

- 3.8 Based on current figures as at 3.5 above - taking a midpoint figure of 1516 which is between the 1796 figure provided by the Rent team and the 1237 provided by the Benefit team – 1516 x £84.96 amounts to an overall impact of £128,799 over a six-year period. This is of course subject to change as the number of tenants receiving UC will change over time.
- 3.9 CBC rent arrears for those people claiming Council Tax Support (CTS) with Universal Credit is attached as **Appendix 2**. This does show a similar trend to the rents section figures reported at 3.1. Both areas are subject to ongoing monitoring by respective CBC teams.
- 3.10 **Appendix 3** shows examples of UC Managed payments impact on claimants and revenue stream.

4. Future Considerations

- 4.1 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 21st February 2019 stating the exercise is scheduled to be completed by the end of 2019. It is not yet known if this exercise has been completed. 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, but the award of compensation payments has now started.

- 4.2 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.
- 4.3 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.
- 4.4 Limited capability for DWP claim decisions not being made or delayed continues to mean ongoing risk of underpayments of UC.
- 4.5 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. The DWP now classify these as 'untidy tenancies' and procedures are in place to identify these to reduce the number of people not being paid based on 100% liability.
- 4.6 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 online journal to confirm what CBC have advised.
- 4.7 Despite repeated representation from CBC the DWP will not amend the 48 week rent year calculations.
- 4.8 The CBC team are reviewing customers with managed payments to check that the correct Housing Allowances are being used in the

Universal Calculation. Cases have been identified also where the housing allowance is too high as well as too low. This is due to the 1% core rent reduction each year over the last four years.

- 4.9 There is a rising risk regarding delivery of Assisted Digital Claiming due to CAB capacity and service availability (2.3 refers).
- 4.10 At least 64 councils have now signed up to the Citizens Advice/LGA (Local Government Association) Council Tax Protocol - up from 50 two years ago. This is a good practice guide produced by the CAB (**Appendix 4**) A further 23 councils have said they are considering doing this to mitigate debt recovery actions and escalating hardship. Advice from Arvato lead officers is that the scheme does not add any significant value to the CBC operations at this time. However - sign up to this remains a consideration for the Council.
- 4.11 CBC has started some analysis of Council Tax arrears of working age claimants claiming Council Tax Support (CTS) to measure the impact of the maximum CTS being set at 8.5%. This will help inform changes to the CTS scheme that CBC decide to make in the future.
- 4.12 From October 2019 the maximum amount of deductions from Universal Credit that can be taken for debt recovery reduces from 40% to 30%. This is a welcome change because it was causing hardship. It is however a further risk to monitor as it is likely to affect Housing Benefit overpayment recovery. The CBC team have contacted the DWP for clarification – as an example - If someone has the following debts how would the 30% recovery be split across these debts?
- Advance
 - Rent Arrears
 - Council Tax Arrears
 - HB Overpayment

No satisfactory answer was provided. The situation is being monitored.

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. On-going changes to entitlements and policy such as assisted claiming and budgeting, CTS recovery will now mean different ways of working both internally and with claimants and external partners.
- 5.3 Rising risks linked to implementation of full UC migration will need careful monitoring, forward planning and resource allocation in terms of capacity and training. This must ensure any negative impact on claimants and the CBC budgets is maintained at the lowest possible level.
- 5.4 Service delivery such as Assisted Digital Claim support is already creating challenges for both the organisation, claimants and CBC services. Future resourcing will need further review.
- 5.5 Questions should continue to be raised by the Benefits team requiring timely responses from the DWP to ensure claimants are paid correctly and on time – 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.
- 5.6 The DWP continues to limit communications and decision making to the customer both directly 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

CBC revenue budget targets being met and debt escalation occurring.