

## For Publication

### Community, Customers & Organisational Scrutiny Committee

24th September 2020

#### 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 Staveley Town in June 2018. The scheme replaced the following benefits:

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

1.2 The impact of these changes has been monitored by the Scrutiny Committee since inception with reports to date all confirming ongoing positive delivery despite a very challenging system for staff teams and claimants in terms of both complexity, and accessibility.

1.3 In March 2020 the UK and England were consumed by a coronavirus (Covid 19) which subsequently had a devastating impact on society and the UK benefits system.

Between 1<sup>st</sup> March 2020 and 6<sup>th</sup> August 2020 Chesterfield Universal Credit take up increased by 166%.

- 1.4 The Benefits team has worked closely with the DWP, partners and stakeholders to both manage and where possible influence plans and arrangements to ensure the best possible outcomes have continued to be achieved for both existing and new claimants and CBC.

## **2. Current Position**

- 2.1 COVID 19 has meant that more people have needed support of the Welfare State since March 2020. All members of the CBC Benefits Service have continued to work either in the office or at home to ensure that the full service was provided during these uncertain times.
- 2.2 Chesterfield Borough Council Benefits Service had to deal with an increase in Council Tax Support claims and reports of changes of circumstances reported in a short period of time, for example,
  - 463 CTS form requests between 01.03.20 to 09.04.20 compared to 156 in the same period in 2019.
  - Between 01.03.20 and 01.05.20 we received from the DWP 1239 notifications of new Universal Claims compared to 403 in the same period in 2019.
  - 6800 working age households in Chesterfield have received Council Tax Support so far in 2020-21 and we expect over 8000 working age households to receive some amount of Council Tax Support in 2020-21, compared to 7100 in the whole of the 2019-20 year.
- 2.3 Priority has been given to the processing of claims and extra hours have been worked to help keep the workload up to date. Current levels are being managed well.

New online digital claiming has been successfully introduced and has resulted in 50% of claims now being submitted electronically which is proving a welcome addition to claims application and processing for both customers and the Benefits team.

- 2.4 The council brought forward the online Housing Benefit and Council Tax Support claim which went live on the 20<sup>th</sup> May 2020. This was to ensure that residents had an alternative way to claim

especially those self-isolating. As at 14<sup>th</sup> September, 485 on-line claims have been made.

The Benefits team are expecting another increase in claims when the furlough scheme ends in October.

- 2.5 There has been an increase in fraudulent claims for Universal Credit. Originally the most common fraud was vulnerable people being assisted to claim Universal Credit and taking some of the advance from them. The team are now seeing an increase in actual identify theft with no apparent involvement of the person whose identity is used to make a claim. Fraud increased during the COVID-19 lockdown with some of the usual security checks being relaxed by the DWP.

The CBC Benefits Team are following advice provided by the DWP if a fraudulent Universal Credit claim is identified.

- 2.6 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.
- 2.7 Despite the impact of Covid 19 success to date continues to be achieved via proactive local networking and also proactive client communication. The benefits team have developed new ways of working utilising alternative systems, devices and processes where necessary and agile working including working from home.
- 2.8 All staff remain trained to a high level and also give advice and collaborate with other agencies such as CAB who are the lead UC claims organisation working for the DWP. Details are included throughout the report showing the impact of COVID.
- 2.9 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.
- 2.10 Universal Support covering assisted claiming and budgeting support transferred to the Citizens Advice Bureau (CAB) from 1<sup>st</sup> April 2019 and remains in place. The Benefits team continue to support the UC claims process where appropriate to do so which

ensures claimants are not placed at risk through any process gaps that may arise.

- 2.11 The Benefits team regularly attend the Health and Well Being group reporting and sharing information and planned development work to support residents and manage UC in Chesterfield and Staveley collaboratively with partners.
- 2.12 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.
- 2.13 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.
- 2.14 Managed migration remains delayed with the main migration originally scheduled for starting in January 2020 with an expected end date of June 2024. This was rescheduled to start again in November 2020 but unfortunately this has now been suspended again with no reactivation date known yet.
- 2.15 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. 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.
- 2.16 From 1<sup>st</sup> February 2019 households with more than two children wanting to make a new claim for support with housing costs continue to claim UC rather than HB.
- 2.17 The DWP issued a report dated 21<sup>st</sup> February 2019 regarding correcting past underpayments of Employment and Support Allowance (ESA) through two phases of work which were completed by December 2019. On average the DWP reported that

affected individuals may be entitled to up to £4000 in arrears (rounded), but the actual amount would vary amongst individuals and depend on their circumstances. There is currently no update on entitlement claims as at September 2020.

- 2.18 From 15<sup>th</sup> May 2019 mixed age couples, (where one member is pension age and one is working age) became in-eligible for pension credit and Housing Benefit. A couple continue to have to claim UC which is a lesser amount. The numbers affected by this remain relatively low at around 12 households affected.
- 2.19 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 was increased from £189,696 to £257,306.

The current position around DHP this year is fairly consistent with where it should be by this time of the year:

	2020-21
Budget	£257,306
Paid and Committed at 03.09.20	£102,756
Percentage paid and committed	39.94%
Available to award	£154,549
Spent on UC recipients	66%
DHP awards (claimants with awards)	180
DHP refusals	17
DHP applications outstanding	15
Average award	£465

The budget would be subject to review and any changes will be confirmed as and when able.

- 2.20 The beginning of 2020 saw a reduction in DHP applications, which could be in part attributable to the ceasing of customer contact and recovery action in response to COVID. There has been some proactive action by CBC officers to ensure take up in the form of a letter to Universal Credit claimants where it was identified that they

have rental costs ( **Appendix 3** ). The team have ensured they are as proactive and as reactive as possible to ensure the best financial assistance for our customers.

2.21 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. Benefits sanctions remain suspended since March 2020. Chesterfield Job Centre are currently encouraged to speak with customers but are not encouraged to impose any harsh sanctions.

2.22 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. No further data available due to the sanction suspension.

2.23 The following information gives an overview of basic facts and figures relating to UC and for the year to August 2020:

	<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 31.03.20	25,348	
	01.04.20 to 31.08.20	5,534	
	Total	58,409	
Housing benefit transitional payments – 2-week extension of Housing Benefit Number of awards -	11.04.18 to 31.08.20	898	New legislation from 11.04.18

Take up letters for Council Tax Support for Universal Credit recipients	29.11.17 to 31.08.20	6,213 2020-21 high was April when 687 take up letters were issued	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  Of which council tenant (June 20)	3,008  1,470	
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	351 247 to date £904,293.95	
<u>Discretionary Housing Payments made to Universal Credit recipients</u>  Number of awards – Value of awards – Percentage of total DHP awards - Percentage of DHP spend -  Number of awards – Value of awards – Percentage of total DHP awards - Percentage of DHP spend -	01.04.18- 31.03.19     01.04.19-31.03.20	237 £131,337  53.62%  54.77%  241 £126,516  66% 66%	Total DHP awards in 2018-19 to date is 398 valuing £218,268. 92.6% of 2018-19 DHP allocation of £235,699 has been spent/committed
Universal Credit assisted claims	29.11.17 -30.11.19	707 (of which 112 in 19-20)	Universal Support transfers to the Citizens Advice

Universal Credit budgeting support	29.11.18 -31.03.18	and 3 in July 20) 190	Bureau from 01.04.19. Continued support being provided where required from CBC for assisted claims only  Note offices closed April to July 2020
Food bank vouchers issued as part of budgeting support	Since 27.11.18	36	

2.24 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.

2.25 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 but is monitored to ensure any required action can be considered:

- 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 2019. 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 concern due to the majority of contact with customers being remote rather than on site. However, there is no negative customer feedback received suggesting the take up of claims is being affected.
- 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 they do not have any set plans for managed migration at the moment, with no further details yet provided.

### **3. Financial Information**

- 3.1 The financial information provided is affected by circumstances surrounding COVID-19 including the increase in Universal Credit claimants, reductions in people's incomes affecting ability to pay and the pausing of rent recovery activity.

CBC Rent team analysis of tenants that are in receipt of/have been affected by UC – current tenants is attached as **Appendix 1**

- 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 3.5 and **Appendix 2**) 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 3510 in August 2019 to 3826 in August 2020. The percentage of rent collected as at collection week 21 in 2019 was 91.48% compared to 84.97% in 2020.
- 3.5 The Council can expect that the actual number of Council tenants currently receiving UC will fall somewhere between the 2239 figure provided by the Rent team and the 1470 figure provided by the Benefit team.
- 3.6 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 3.4. Both areas are subject to ongoing monitoring by respective CBC teams.

#### 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 DWP were due to report on this by December 2019. CBC are yet to receive any outcome to this exercise. 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 is being applied.
- 4.2 The exercise carried out by the Benefits Team to identify underpayments of the Severe Disability Premium in Employment and Support awards have helped to minimise the number of

households naturally migrating onto UC where there is an underlying entitlement to the Severe Disability Premium. There has been a change in procedures and practices to minimise the risk of people claiming UC incorrectly.

- 4.3 Limited capability for DWP claim decisions not being made or delayed continues to mean ongoing risk of underpayments of UC. Unfortunately, these delays have been exasperated by DWP resources during the COVID 19 pandemic.
- 4.4 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.
- 4.5 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. For 20-21 the hardship grant is currently plugging the 8.5% gap, however, a discussion will be required to determine whether the 8.5% can be reduced moving forwards.
- 4.6 Since the 7<sup>th</sup> April DWP have not collected any Housing Benefit debts from DWP Benefits due to DWP COVID staff resourcing. This is approximately a reduction of £5,000 per month. Whilst the DWP have advised that they are resuming recovery, the team have been told to expect a slow reintroduction and that no new referrals are being taken at the moment.
- 4.7 From 22<sup>nd</sup> July anyone moving from Income Support, Jobseekers Allowance Income Based or Employment and Support income related to Universal Credit will receive a two-week run on of their payments. This mirrors the existing rules for Housing Benefit that are already in place.
- 4.8 There is an opportunity for Chesterfield Borough Council to be involved with the new **DWP Kickstart programme** and this is

currently being explored by the Economic Development team as part of activity that falls within the CBC skills action plan.

- There are currently 1167 eligible UC claimants registered at Chesterfield JCP and a further 267 registered from the Staveley Office.
- The activity would align with the commitments under the objective within the Corporate plan to develop an inclusive approach to growth. An initial expression of interest has been submitted to DWP for Chesterfield Borough Council to act as an intermediary organisation.
- The Kickstart scheme was launched on 2nd September and grant applications can be made by businesses who can provide a minimum of 30 placements – grants will cover wages and associated NI costs at NMW rates plus £1500 per placement to support set up, training and support costs.
- Where SMEs want to take part but can't support 30 placements, they can do so via an intermediary organisation - Grants are as above but the intermediary organisation can claim £300 per placement and potentially a proportion of the £1500 (as agreed with the hosting employer).

## **5 Conclusions**

- 5.1 Chesterfield continues to perform positively managing UC 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 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 Introduction of on line digital claiming has proved beneficial for both service users and the benefits team.
- 5.6 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.
- 5.7 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. This has certainly been a test for the UC system itself but also for LA's in terms of delivery and more importantly for customers themselves.
- 5.8 In a positive light, the UC system has meant that customers have not had to claim for multiple benefits at once which would have meant dealing with multiple agencies at the same time.
- 5.9 Ultimately, the Council can be confident that all identified customers with an entitlement to Universal Credit are being engaged and the appropriate contact channels are open. However, there is a risk that contact and take up could increase, with the reintroduction of recovery activities.