

**Overview and Scrutiny Committee
4 November 2020**

Universal Credit Implementation Update

Report of the Head of Legal and Governance

1 Purpose

- 1.1 To receive an update on the impact of the implementation of Universal Credit, the latest implementation plans, and the impact of Covid-19.

2 Action required

- 2.1 To consider the information provided and use it to inform questioning and make recommendations, where appropriate.

3 Background information

- 3.1 At its meeting on 3 October 2018, the Committee considered information on the likely impact of the introduction of Universal Credit.
- 3.2 It received an update on the actual impact at its meeting on 6 November 2019, which included:
- (a) the Universal Credit (UC) Full Service rolled out in Nottingham on 17 October 2018, making it one of the last areas in the county to move to the new system. People move onto UC if they make a new benefit claim or have a change in their circumstances. UC replaces the Child Tax Credit, Housing Benefit, Income Support, Income-based Jobseeker's Allowance, Income-related Employment and Support Allowance, and the Working Tax Credit. UC does not include any other benefits, including Council Tax Support, which needs to be claimed alongside UC;
 - (b) 13,394 people were on UC by August 2019 (9,853 of which are out-of-work claimants), representing 9,333 households in the city. 4,448 households claiming UC have a housing entitlement. Approximately 50 households have applied successfully for more frequent payments and no-one is receiving a split payment to more than one household member. Approximately 28,000 benefit claimants are still to move across to UC;
 - (c) 3,454 Nottingham City Homes (NCH) tenants are claiming UC (out of an expected 12,000, ultimately). The level of rent arrears of NCH tenants on UC is currently £1,374,326.64, last October the level was at £139,000. The average rent arrears of a NCH tenant on UC is £560.72. So far, 795 Alternative Payment Arrangements have been requested, whereby UC rent payments are made to the landlord directly, and these can be triggered if the tenant has been in arrears under UC or a previous benefit system. Currently, there is a shortfall of £7.77 per week for people in

supported accommodation, for which people cannot claim Discretionary Housing payments. This affects NCH because it is classed as a metropolitan housing association, rather than as solely a provider of social housing. NCH has established a new Universal Credit Team and is making considerable efforts to assist claimants with transitional arrangements and assistance for additional entitlement eligibility. So far, the majority of NCH tenants are IT literate and are able to use the online UC claim system, but they do not always understand the process fully;

- (d) in the private rented sector, Housing Benefit payments that have been capped or reduced have put tenants in a riskier position. Delays in payments are dissuading landlords from renting to people on UC. Although there does not seem to have been an increase in evictions, some landlords are including a 'minimum earning threshold' in their housing adverts. It is difficult for UC tenants to set up direct payments to landlords even when the tenant knows they struggle to budget, as they have to be in arrears before they can move to direct payments. Work is underway to gather further detailed information from private landlords;
- (e) Welfare Rights officers remain very busy. The five-week wait for UC payments to start continues to cause problems for claimants, in addition to the move from weekly to monthly payments. Claimants are able to receive Housing Benefit during that wait period, but only for two of the five weeks. There has been no official change regarding the impact of the 53-week year in 2019. Most of the concerns raised with Welfare Rights relate to Council Tax debt, Personal Independence Payments and multiple debt;
- (f) there has been a 76% increase in foodbank referral since Universal Credit rolled out, with 188 of the 329 food bank vouchers issued during 2018 due to UC. The number of people asking Welfare Rights for foodbank vouchers has increased and the single largest cause of people requiring foodbank vouchers is UC delays and/or the five-week wait. Information from Trussell Trust foodbanks covering Nottinghamshire suggests that 26,678 three-day emergency food supplies were provided in 2018/19, which represents a 14% increase from 2017/18. Nottinghamshire distributed double the number of food supply packages as the next highest East Midlands region;
- (g) the primary ongoing concerns are that the level of rent arrears continues to rise; the five-week wait before the first UC payment is still causing problems; the repayment of any advance payment creates significant issues for claimants; Council Tax support needs to be applied for separately to UC; the Help to Claim funding after March 2020 is not confirmed; there is a lack of capacity for providing advice across a number of agencies; there is a lack of understanding from citizens about the UC process, leading to unnecessary claims; there is an appreciable fraud risk; and there are limited communications from central Government on welfare issues;

(h) currently, no timescale has been set out for the next managed migration of claimants moving to UC, though ongoing work is underway by NCH, Advice Nottingham, Welfare Rights, Housing Strategy, the Council's Data and Information Team, and the Council's Selective Licensing Team to support citizens claiming UC and improve the social housing stock. The support structures available will also be reassessed when the Unlocking Loxley project is completed, which aims to concentrate the full range of related services within Loxley House.

3.3 Lucy Lee, Head of Customer Services, will be attending the meeting to update the Committee on any progress in implementation since it was last updated in November 2019, and the impact Covid-19 has had.

4 List of attached information

4.1 Briefing note from Lucy Lee, Head of Customer Services.

5 Background papers, other than published works or those disclosing exempt or confidential information

5.1 None.

6 Published documents referred to in compiling this report

6.1 Overview and Scrutiny Committee reports and minutes dated 3 October 2018 and 6 November 2019.

7 Wards affected

7.1 All.

8 Contact information

8.1 Laura Wilson
Senior Governance Officer
0115 8764301
laura.wilson@nottinghamcity.gov.uk