

Universal Credit update for Overview and Scrutiny Committee

3rd October 2018

Universal Credit is the largest ever reform of the welfare system since its inception and moves the responsibility on to citizens for management of their finances. The premise is to reward work, encourage responsibility, support aspiration and drive the message that citizens will be better off in work.

Universal Credit rolls out in Nottingham on 17th October 2018 and this update is to provide an overview to Overview and Scrutiny Committee around our role, how we support our citizens, what message we need to provide, consider risks and answer any additional questions.

Who will be affected?

From 17th October onwards if someone makes a new benefit claim or has a change in their circumstances they will move onto Universal Credit. Nottingham is one of the last places in the country where Universal Credit is rolling out.

Universal Credit is replacing 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

Universal Credit does not include any other benefits, including Council Tax Support, which can be claimed alongside Universal Credit. There are also other exceptions such as individuals with more than 2 children; people who have a partner over pensionable age and those who are living in unspecified or temporary accommodation.

Currently 7.5m individuals are claiming Universal Credit. A managed migration will then take place for all other claimants from July 2019. The migration is expected to be completed by mid-2023. DWP handle all migration to Universal Credit.

What is different about Universal Credit?

- Access to all data online through a portal using document uploads.
- All monies are paid directly to the claimant including rent payments so landlords will no longer be paid directly.
- There is no back dating of claims, the applicant needs to claim as soon as possible.
- Benefit is paid monthly rather than weekly.
- Hourly limit is abolished, all benefit is calculated on income.

Transitional Arrangements

- Interest free advances are available to ease the transition from weekly to monthly and are repayable over a 12 month period. The maximum rate of recovery (the repayment cap) is 40% of the monthly standard allowance.
- Advances can be paid for changes of circumstances, for example the birth of a child, again these are repayable.
- If a claimant starts work, a taper is applied based on earnings up to a maximum limit depending on circumstances.
- The seven waiting days at the start of Universal Credit claims have been removed so claimants have to wait five weeks instead of six for their first payment.

- Housing Benefit payments will be allowed to continue for an extra two weeks after the start of the Universal Credit claim. This is an attempt to reduce the threat of eviction caused by delays in housing cost payments at the start of a new claim.

Exceptions

- DWP assess claimants who have complex needs and these individuals are provided with face to face support by them.
- DWP can assess individuals who may need alternative payment arrangements such as those who have a history of rent arrears, or who build up arrears and need 'managed payments'; those who are likely to have significant difficulties in managing monthly budgeting arrangements; and those who may need individual payments rather than household (dominant partner/safeguarding issues etc).
- These cases will have to meet prescribed eligibility thresholds.

What have we done to prepare?

- An article went in The Arrow in June to let Nottingham residents know what they need to have in place before they move onto Universal Credit – this was to ensure people who are not yet online got the relevant information. Another article will go into the autumn edition. There will also be information shared on the City Council's website and on social media.
- Officers meet regularly with our colleague from Advice Nottingham to discuss any issues which have been identified by the city's advice providers.
- A group has been convened with stakeholders and relevant parties from across the Council including Marketing and Comms, Customer Services, Corporate Policy, Welfare Rights, Library Services and Finance plus NCH, Nottingham Revenues and Benefits, Advice Nottingham and the Department for Work and Pensions. The meeting is chaired by Candida Brudenell.
- Links are being made with local authorities where Universal Credit has already been rolled out, including Newcastle, to see what support they offered and if it was sufficient.
- Cllr Chapman has requested monthly updates on the rollout of Universal Credit and what we are doing to prepare.
- At the MPs' meeting in January we informed attendees of the preparations we are making and they offered to share information with constituents.
- Cllr Chapman convened a meeting with senior local DWP officers to seek assurances following negative press reports about areas in which Universal Credit has already rolled out.
- Lucy Lee is the lead for Universal Credit preparations, predominantly working with Elaine Fox from Corporate Policy and Performance and Keri Usherwood from Marketing and Comms.

What are the risks?

- Council Tax support needs to be applied for separately. We have been assured by the DWP that their work coaches will remind claimants of their other liabilities, such as Council Tax and personal financial commitments (loans, credit cards etc), and tell them how to claim. There remains a risk that if people are overwhelmed by paying their rent and budgeting with monthly payments they may neglect to arrange Council Tax support.
- There are a number of private and social landlords in the city who will be affected by Universal Credit and an increased risk of rent arrears. DWP are holding Stakeholder Events for landlords over the next 2 weeks.
- NCC colleagues are making links with social landlords and housing associations across the city.
- By way of an indication of the potential impact of Universal Credit, NCH confirmed as of June it had 11,280 working-age tenants currently claiming Housing Benefit. Below are indicative figures of what an increase in rent arrears would mean financially:

- 5% would equate to £2,300,777.50 in arrears incurred per year
- 10% would equate to £4,601,555.00 in arrears incurred per year
- 20% would equate to £9,203,110.00 in arrears incurred per year

The above figures are based on a total of £920,311 charged in rent each week, or £46,015,550 each year (rent is calculated over 50 weeks due to two weeks of the year being rent free). Nottingham City Homes have advised that of 414 live cases they have, 208 are having managed payments – over 50% in significant arrears.

- The best collection rate for Universal Credit in the country is by Your Homes Newcastle, they are collecting about 95% of rent. As mentioned above we are making links with Newcastle to look at any learning we can gain from the rollout of Universal Credit there
- There may be potential implications for NCC uploading personal documentation on to our network, this has been flagged with IT colleagues and a response is awaited.

What else do we need to do?

Consider Universal Support funding

The Council will receive funding for the following areas of support:

- Assisted Digital Support to assist claimants with applying, data gathering and document uploading and account management
- Personal Budgeting Support to support and develop financial responsibility.

DWP have made an assumption for the numbers of claimants they feel will be referred by them for this support between 17th October and 31st March 2019. For ADS, this assumption is for 347 citizens at a rate of £53.55 per claimant (total of £18,581) and for PBS this assumption is for 577 citizens at £63.00 per claimant (total of £36,351). These figures are not prescriptive and NCC will complete a return to DWP each month evidencing take up and the funding will be adjusted accordingly.

Some councils have handed over the responsibility and funding to advice organisations, DWP expect that in Nottingham City the support will be provided initially at least by the council and have been in discussion with Ian Roper in this respect. Ian feels that based on the expected numbers Welfare Rights could manage the PBS element of support and have the existing skills to provide it effectively.

Gary Hall from Libraries has indicated a willingness to offer ADS but due to the funding situation both of these options need further consideration. A decision also needs to be made around where support is offered. Citizens may expect support to be available at Loxley House and joint service centres for example but logistically it may be necessary to deliver centrally from the team providing the support, which would currently be Angel Row.