
UNIVERSAL CREDIT

SUMMARY REPORT

Purpose of the Report

1. To provide an update on the roll-out of Universal Credit in Darlington and the potential impact on residents and Council services.

Summary

2. Universal Credit will replace a number of existing means tested benefits for working age people, including Housing Benefit administered by the Council.
3. Universal Credit began roll out in Darlington on 23 November 2015. However, the numbers initially claiming UC in Darlington are low, with full roll out of UC not expected to be completed until 2021.
4. The numbers claiming UC in Darlington are still relatively low and Council is working with residents to support them through the application process and with paying their Council Tax and rent. However, significant problems remain with Department for Work and Pensions (DWP) processes, making the task of supporting residents very manual and resource intensive.

Recommendation

5. It is recommended that Scrutiny Members note the contents of this report.

Paul Wildsmith
Director of Neighbourhood Services and Resources

Background Papers

No background papers were used in the preparation of this report.

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MAIN REPORT

Information and Analysis

Background

6. Universal Credit (UC) will replace six existing (legacy) means tested benefits currently administered by the DWP, Her Majesty's Revenues and Customs (HMRC) and Local Authorities. These are:
 - (a) Income based Jobseekers Allowance
 - (b) Income Related Employment and Support Allowance
 - (c) Income Support
 - (d) Housing Benefit
 - (e) Child Tax Credit
 - (f) Working Tax Credit

7. The key features of UC are as follows:
 - (a) It only applies to working aged people. It does not apply to people who have reached the qualifying age for state Pension Credit, who will continue to claim Housing Benefit.
 - (b) UC will include a housing costs element, which replaces the amount currently paid via Housing Benefit.
 - (c) People in supported housing will be able to claim UC, but will continue to have their housing costs met by Housing Benefit.
 - (d) There will be one single award of UC for each household (currently one person can claim Housing Benefit, for example, and their partner can claim Tax Credits).
 - (e) UC will be paid monthly in arrears. There will also be a seven day waiting period before entitlement to UC begins.
 - (f) UC payments, including the housing costs element, will be made to the claimant. In some limited circumstances, an Alternative Payment Arrangement can be made, including paying the housing costs element to the landlord. This is usually where rent arrears exceed 8 weeks.
 - (g) UC can be awarded to people in work and out of work. The idea is to make the transition into work as easy as possible, with no reclaiming of benefits or rules about the number of hours worked.
 - (h) UC will be claimed on-line (in most cases). The claimant will then have to attend the Job Centre to sign their claim and agree a claimant commitment. Failure to comply with the work-related part of the claimant commitment may result in a sanction.
 - (i) UC will be administered by the DWP, but recipients will still have to claim Council Tax Support separately from the Council.

- (j) The Council will still operate a Discretionary Housing Payment scheme to top-up payments of Housing Benefit and UC to those experiencing shortfalls in their rent.
 - (k) Once a person claims UC, they cannot go back onto one of the legacy benefits (including Housing Benefit) unless they move into supported housing or reach the qualifying age for state Pension Credit.
 - (l) The DWP has an agreed arrangement with Darlington Borough Council to refer UC claimants who require Personal Budgeting Support. This will usually be delivered by Darlington CAB, except for Council Tenants, who are supported by the Council's Money Wise service.
8. UC has been rolled out nationally to all Job Centres from June 2014, as follows:
- (a) All Job Centres in England are now live with UC.
 - (b) For most (including Darlington), this only applies to single claimants who would otherwise have made a new claim for Jobseekers Allowance, although there are some exceptions (see **Appendix 1**).
 - (c) Some Job Centres are now taking applications from couples and families. All Job Centres (including Darlington) are expected to be able to make UC available to couples and families by the end of 2017.
 - (d) A digital service, replacing the way UC claims are currently being processed, has been tested in certain parts of London.
 - (e) From May 2016 the digital service will begin national roll-out and will go to 5 Job Centre areas each month. In those areas there will be no legacy benefits available, and therefore no exclusions as to who can make a UC claim.
 - (f) Newcastle is expected to go live with the digital service in June 2016 and Hartlepool in December 2016. There is no live date yet for Darlington, but it is expected to be during 2017.
 - (g) All existing claims on legacy benefits (including Housing Benefit) will be migrated to UC from 2018 with a projected completion date of 2021.

Current position

- 9. UC went live at Darlington Job Centre on 23 November 2015. As at April 2016, 451 Darlington residents are receiving UC, with 164 in employment (or 36%).
- 10. As at April 2016, we have 67 people in Darlington receiving UC also claiming Council Tax Support. This represents 0.6% of all the Council Tax Support recipients and 1.1% of all working aged recipients.
- 11. As at May 2016, we have 42 Council Tenants in Darlington who have applied for UC. Of these, 30 have been awarded UC and 12 are awaiting a decision.

12. Of the 42 Council Tenant UC applicants:

- (a) The balance of 25 rent accounts has increased from the UC application stage to the balance following their last rent payment.
- (b) The balance of 17 rent accounts has reduced or stayed the same from the UC application stage to the balance following their last rent payment.
- (c) The combined rent arrears for the 42 UC applicants has increased from £10,000 at the point of them applying for UC, up to £17,500 following their last rent payment after UC has been awarded.
- (d) However, £5,000 of this increase relates to 3 tenants. One has been evicted, one eviction is pending and the other has an application for possession order pending.
- (e) The remaining £2,500 increase is for 22 tenants (an average of £113.64).

13. The Council's Money Wise service has received 13 booked appointments for Personal Budgeting Support:

- (a) 10 have been self-referrals, of which 7 attended the appointment
- (b) 2 have been referrals from the DWP, of which both attended the appointment
- (c) One is not known, as they didn't attend.

14. Of the 13 appointments for Personal Budgeting Support:

- (a) For the 4 who didn't attend;
 - (i) Rent arrears increased in all cases
 - (ii) One eviction has been carried out
 - (iii) One absconded
 - (iv) 2 are at the pre-court stage
- (b) For the 9 who did attend;
 - (i) 5 have reduced their rent arrears with one successful application for an Alternative Payment Arrangement with the DWP to have the UC housing costs paid to Darlington Borough Council
 - (ii) One has voluntarily terminated their tenancy and agreed to return and live with family
 - (iii) One is at the pre-notice stage
 - (iv) 2 are at the pre-court stage.

Summary and conclusion

15. Although there are 451 Darlington residents receiving UC, this is still very early days in terms of the roll-out of UC in Darlington. The majority of these cases will be non-householders (i.e. not liable for rent or mortgage payments) and all of them would have initially applied for UC as a single job seeker.

16. The more complex cases, including lone parents, families, people with disabilities, carers and self-employed earners are unlikely to be able to claim UC until the digital

service goes live in 2017.

17. In relation to Council Tax collection, the number of people claiming Council Tax Support and receiving UC is still very low and therefore it is difficult to measure the impact on Council Tax collection.
18. However, an emerging issue is with the delay in being notified of the outcome of a UC claim. Where a person claims Council Tax Support and has also applied for UC, the Council Tax Support entitlement cannot be calculated until the UC claim has been decided. As UC is calculated monthly in arrears, together with the 7 day waiting period, UC claims are typically taking at least 6 weeks to decide. During this period, the Council will suspend any Council Tax recovery or enforcement action, although residents are advised to pay at least 20% of their Council Tax in the interim. As the number of UC claims increase, this may start to have an impact on collection rates.
19. In addition, the Revenues and Benefits section has experienced significant problems with receiving notifications from the DWP about UC awards. The process is manually driven, although it is expected to be replaced by a more streamlined electronic system shortly. In most cases, the Council has had to make repeated enquiries with the UC Service Centres to resolve claims, which has been very resource intensive.
20. This issue is replicated in the Housing Management team. Although this is still early days, the Housing Management team has coped very well with the initial UC claims, although again the processes are very resource intensive. However, at this stage we are only dealing with the most simple cases, with the more challenging and complex cases yet to move onto UC. Key to the success in keeping rent arrears low so far has been the engagement with the tenant through the Personal Budgeting Support by the Money Wise team. So far only one eviction has been necessary which is not significant considering in the last financial year 19 evictions were carried out in total.
21. The Council does hold regular meetings with our local contact in the DWP in relation to the UC roll-out and the issues highlighted above have been discussed. However, most of the issues are at a national level, which cannot be resolved locally. Whilst staff are being resilient in dealing with these issues, the expected efficiencies UC will deliver are unlikely to be realised for a number of years. Staffing resources will be required for the foreseeable future to ensure residents are supported through the UC claiming process and that Council Tax and rent arrears are kept to a minimum as much as possible.

Universal Credit qualifying conditions

Claimants who meet all the 'gateway' conditions below can make new claims for UC. The claimant must:-

- be single
- not be responsible for a child or for a young person under 20 who is in non-advanced education or training
- be aged between 18 years and 60 years and six months
- live at their usual address, in an area where Universal Credit is available
- not be homeless, in supported or temporary accommodation, nor a homeowner
- be a British citizen with a National Insurance number
- be fit for work
- not have applied for a fitness for work note
- consider themselves fit for work
- not be pregnant nor have given birth within the last 15 weeks
- not be receiving Jobseekers Allowance, Employment and Support Allowance, Income Support, Incapacity Benefit, Severe Disablement Allowance, Disability Living Allowance or Personal Independence Payment
- not be awaiting a decision on a claim for Jobseekers Allowance, Employment and Support Allowance, Income Support, Housing Benefit, Child Tax Credit or Working Tax Credit
- not be appealing against a decision of non-entitlement to Jobseekers Allowance, Employment and Support Allowance or Income Support
- not be awaiting the outcome of an application to revise a decision of non-entitlement to Jobseekers Allowance, Employment and Support Allowance, Income Support or Housing Benefit
- not have any caring responsibilities (such as for a disabled person)
- not be self-employed, a company director or part of a limited liability partnership
- not be in education or on a training course of any kind
- not have a person acting on their behalf over the claim
- have at least one suitable account that DWP can pay the money into (including any form of credit union account)
- not live in the same household as a member of the regular or reserve forces who is away on duty
- have lived in the UK for the last two years, and not have been abroad for more than four weeks continuously during that time
- not be required to pay child maintenance via the Child Support Agency
- not have savings in excess of £6,000
- not be an approved foster parent (even if they currently have no foster children)
- not be expecting to adopt a child in the next two months
- not expect to receive take home pay of more than £338 in the next month
- not expect to receive any earnings from self-employment in the next month