
UNIVERSAL CREDIT UPDATE

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 is replacing 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 in November 2015, but was only available to residents in limited circumstances.
4. The full roll-out of Universal Credit in Darlington commenced on 20 June 2018. This means that most working aged people making a new claim to benefit or reporting a significant change in their circumstances will now claim Universal Credit.
5. The migration of existing claims for Housing Benefit to Universal Credit will take place between 2019 and 2023, although the exact timetable has not yet been published.

Recommendation

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

Ian Williams
Director of Economic Growth and Neighbourhood Services

Background Papers

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

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| S17 Crime and Disorder | There are no issues |
| Health and Well Being | There are no issues relating to health and well-being which this report needs to address |
| Sustainability | There is no environmental impact in this report |
| Diversity | There are no diversity issues |
| Wards Affected | All wards are affected, but in particular those with higher numbers of households on low incomes |
| Groups Affected | Universal Credit only applies to working aged people. People who have reached the qualifying age for state Pension Credit are not affected. Anyone in Supported Housing is unaffected |
| Budget and Policy Framework | There is no particular impact |
| Key Decision | This is not a key decision |
| Urgent Decision | This is not an urgent decision |
| One Darlington: Perfectly Placed | The report has no particular implications for the Sustainable Community Strategy. |
| Efficiency | There may be negative impacts on the Council's ability to collect rent for Council Tenants receiving Universal Credit |
| Impact on Looked After Children and Care Leavers | Those who may need to live in supported housing as part of their transition to independent living. |

MAIN REPORT

Information and Analysis

Background

Universal Credit

7. Universal Credit (UC) replaces six existing (legacy) means tested benefits currently administered by the DWP, Her Majesty's Revenues and Customs 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

8. Most people making a new claim for benefit or reporting a significant change in their circumstances will now claim UC, with the exception of the following:

- (a) Anyone who has reached the qualifying age for state Pension Credit. Pensioners will claim Pension Credit from the DWP and Housing Benefit from the Council.
 - (b) Anyone living in supported accommodation (such as hostels or the women's refuge). People in supported accommodation will claim UC to meet their personal costs and Housing Benefit from the Council to meet their housing costs.
 - (c) Anyone placed in temporary accommodation by the Council because they are homeless. People in temporary accommodation will claim UC to meet their personal costs and Housing Benefit from the Council to meet their housing costs.
 - (d) Anyone with 3 or more children. People with 3 or more children will continue to claim the benefits listed in paragraph 7.
 - (e) Anyone who qualifies for the Severe Disability Premium. People who qualify for the Severe Disability Premium will continue to claim the benefits listed in paragraph 7.
9. The migration of existing claims for Housing Benefit to UC will take place between 2019 and 2023, although the exact timetable has not yet been published.

Preparations for the Roll-out of Universal Credit

10. The Council has been working with the DWP staff in Darlington to develop and deliver an implementation and communications plan to prepare for the roll-out of UC. This has included the following:
- (a) Briefing sessions delivered to Registered Social Landlords and commissioned providers of homeless support services in March 2018.
 - (b) Training delivered to Elected Members in March 2018.
 - (c) A workshop held with the Citizens Advice Bureau, statutory and voluntary sector organisations in May 2018.
 - (d) A presentation and briefing session delivered to the Darlington Private Landlords Association in June 2018.
 - (e) Training delivered to front-line staff in Revenues and Benefits, Housing and Customer Services in May and June 2018. This included training for staff to assist residents in making their claim for UC at the Council.
 - (f) Front-line staff receiving training from the DWP at the Darlington Job Centre in June 2018, including a tour of facilities for residents claiming UC.

- (g) Training material and desk aids produced for Council staff to ensure they can give the correct advice and information to residents.
- (h) An article in the 'Housing Connect' magazine informing Council Tenants about the roll-out of UC.
- (i) Recruitment of an additional Tenancy Sustainment Officer in Housing Services to provide anyone claiming UC with personal budgeting support and help to manage their UC payments.
- (j) Changes to the Council's website and Housing Benefit claim forms to ensure residents claim the right benefits with signposting to other sources of advice and information.
- (k) Changes to back office IT systems to accommodate the automatic flow of information to and from the DWP about UC claims.

Current Position

11. The full UC service went live at Darlington Job Centre on 20 June 2018. At that point, 993 Darlington residents were already receiving UC, 312 in employment and 681 not in employment. We do not have any published data yet on the numbers of people receiving UC since the go live date, but we are expecting these to increase rapidly. It is still very early days therefore to assess the impact of the full roll-out of UC in Darlington.

Housing Benefit claims

12. The numbers of people receiving Housing Benefit has been steadily decreasing since 2013, due to the improving economic situation. In July 2018, the number of people receiving Housing Benefit in Darlington was 8,435 compared to 9,832 in July 2013. 180 people came off Housing Benefit in July 2018, which will mean at this rate, the number of people claiming Housing Benefit by July 2019 will be around 6,300.

Council Tax Support claims

13. We currently have 380 people in Darlington receiving UC and also receiving Council Tax Support. This represents 3.8% of all the Council Tax Support recipients and 6.4% of all working aged recipients.

Council Tenants

14. As at July 2018, we have 180 Council Tenants in Darlington who have applied for, or are in receipt of UC.
15. Of those 180 Council Tenant UC applicants:

- (a) 105 live in one bedroom properties and 75 in family houses.
 - (b) The DWP are paying the housing costs element of UC for 33 tenants directly to Darlington Borough Council through an Alternative Payment Arrangement (see paragraph 18(e) below).
 - (c) 40 of these rent accounts are either in credit or are up to date with their rent.
 - (d) The combined rent arrears for the 180 Council Tenants on UC is currently £99,000.
 - (e) Therefore the average level of rent arrears for Council Tenants receiving UC is £550 compared to £346.85 for all Council Tenants.
16. Housing Services are registered as a “Trusted Partner” of the DWP and therefore can verify housing costs and apply for Alternative Payment Arrangements with the DWP via an electronic landlord portal. Since 20 June 2018, Housing Services have received:
- (a) 84 requests for housing costs to be verified via the portal.
 - (b) All of these have either been confirmed or declined (mainly due to incorrect or duplicate information from the DWP) and from these we have applied for 2 Alternative Payment Arrangements.
17. Since April 2018, 8 Council Tenants in receipt of UC have attended appointments for Personal Budgeting Support (see paragraph 18(c) below) with Housing Services staff:
- (a) All 8 tenants do not work.
 - (b) 3 accounts are having their housing costs element of UC paid directly by the DWP through an Alternative Payment Arrangement due to reasons such as mental health issues, learning difficulties and rent arrears.
 - (c) Of the 5 remaining tenants:
 - (i) Two tenants are maintaining their rent payments
 - (ii) One tenant is in rent arrears due to a DWP sanction
 - (iii) One tenant is in rent arrears because the housing costs element of UC has not been assessed by the DWP yet
 - (iv) One tenant is in rent arrears because the first payment of UC has not been received yet.

Support Available for Residents

18. A number of measures and sources of advice and support are in place to help residents to claim UC successfully. These include the following:

- (a) A two week transitional payment of Housing Benefit is payable to people who migrate to UC. This payment will help to bridge the gap between Housing Benefit and the regular monthly payment cycle of UC. It is also disregarded for UC purposes, so will not reduce the first UC payment.
- (b) People making their claim to UC will be able to ask for an advance payment of UC before their first regular payment is made. Applicants are asked about whether they want to claim an advance payment at the point where they make their UC claim and at each interview with DWP staff. Applicants can receive up to 100% of their first payment of UC in advance, which is then repayable over 12 months via deductions from their monthly UC payments. However, applicants are encouraged to only request what they need to reduce the amount of these deductions.
- (c) Support is available at the Council to help residents make their claim for UC and to manage their on-line account. In most cases, people can use the PCs in the Customer Contact Centre with assistance available from Customer Services staff if required. However, where someone requires full assistance with their UC claim (for example if their first language is not English or where they have a visual impairment) a referral can be made by the DWP for a booked appointment with a member of staff from the Revenues and Benefits team.
- (d) Personal budgeting support is also available from Tenancy Sustainment Officers in Housing Services. Again, referrals can be made by DWP staff for an appointment with Council staff to provide UC applicants with support to manage their monthly UC payments, to ensure they can meet their rent and Council Tax liabilities. Where a person needs more specialist support, or is already being supported by another Housing provider or support organisation, Housing Services will liaise with those services.
- (e) Where a tenant is in arrears with their rent, they can also request the DWP pay the housing costs element of their UC payments direct to their landlord. This is known as an Alternative Payment Arrangement. These direct payment requests can also be made by the landlord (including the Council) and will help tenants to manage their rent arrears and reduce the risk of losing their tenancy. However, this is generally seen as a temporary measure to enable tenants to receive support to manage their UC payments.

Conclusion

19. Council staff have proved typically resilient in dealing with these issues, but 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 application and transition process, whilst ensuring that Council Tax and rent arrears are kept to a minimum where possible.