

**ADULTS AND HOUSING SCRUTINY COMMITTEE**  
**22 OCTOBER 2019**

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**UNIVERSAL CREDIT UPDATE**

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**SUMMARY REPORT**

**Purpose of the Report**

1. To provide an update on the continued roll-out of Universal Credit in Darlington and the 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. The full roll-out of Universal Credit in Darlington commenced in 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.
4. The migration of existing claims for Housing Benefit to Universal Credit will take place between 2020 and 2023, although the exact timetable has not yet been published.
5. The roll-out of Universal Credit is impacting on collection rates for Council rents, and processes have been put in place to ensure residents claiming Universal Credit are provided with appropriate support to manage their finances.

**Recommendation**

6. It is recommended that Scrutiny Members comment on 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.

Anthony Sandys: Extension 6926

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 also 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 will be negative impacts on the Council's collection rates for Council rents
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**

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 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 2020 and 2023, although the exact timetable has not yet been published.

#### **Preparations for the roll-out of UC**

10. Preparations for the roll-out of UC took place in 2018 and this involved Council and DWP staff working together to deliver an implementation and communications plan. This included:
  - (a) Briefing sessions delivered to Elected Members, Registered Social Landlords, private landlords, the Citizens Advice Bureau, and other statutory and voluntary sector organisations.

- (b) Training delivered to front-line Council staff, including training for staff to assist residents in making their claim for UC at the Council.
- (c) Training material and desk aids produced for Council staff to ensure they can give the correct advice and information to residents.
- (d) 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.
- (e) 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.

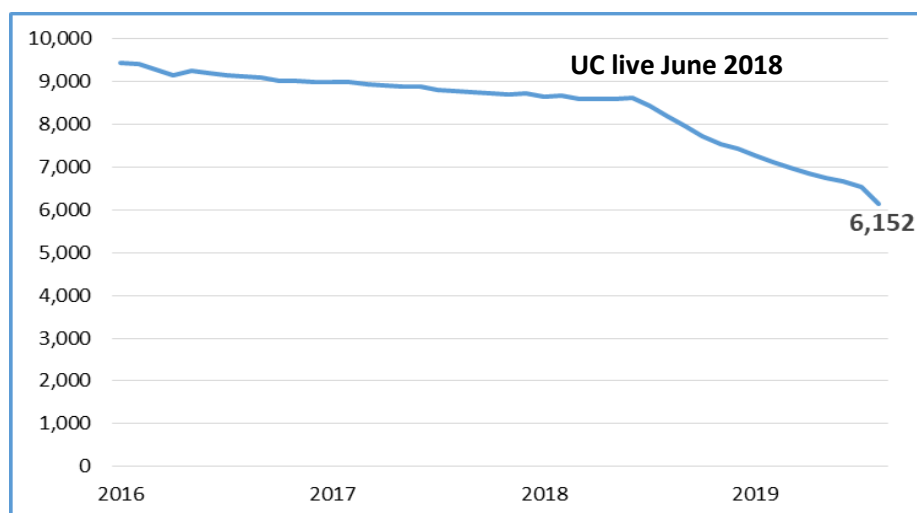
### **Current position**

11. Currently, there are 4,780 Darlington residents receiving UC, of which 1,494 are in employment and 3,286 are not in employment.

### **Housing Benefit claims**

12. The numbers of people receiving Housing Benefit has been steadily decreasing since June 2018 when the UC full service commenced. At that time 8,615 households were receiving Housing Benefit and this has reduced to 6,152 (a 28.6% decrease). It is estimated that a further 4,000 Housing Benefit claims are due to convert to UC (see chart 1 below).

**Chart 1: Number of Housing Benefit claims**



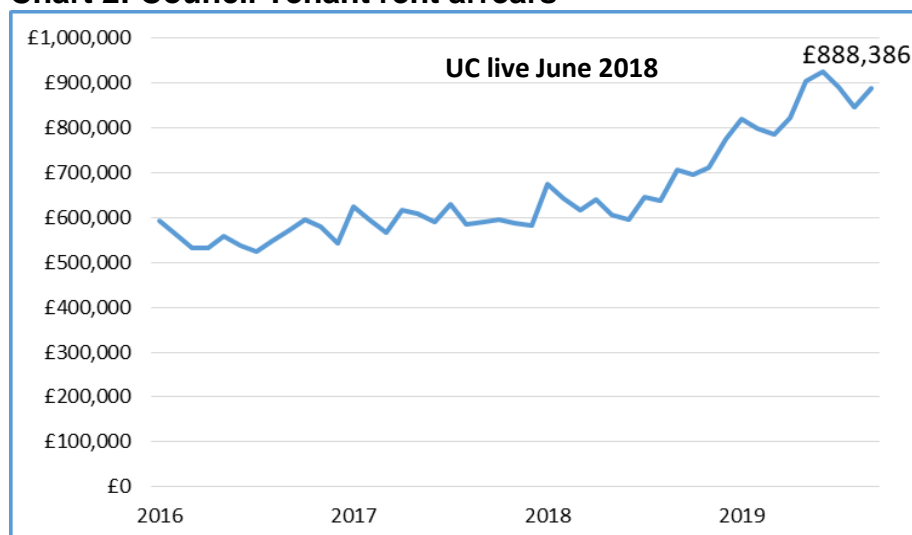
### **Council Tax Support claims**

13. There are currently 2,204 people in Darlington receiving UC and also receiving Council Tax Support. This represents 22.4% of all the Council Tax Support recipients and 36.8% of all working aged recipients.

## Council Tenants

14. At the beginning of September 2019, 945 Council Tenants have applied for, or are in receipt of UC. It is estimated that a further 1,500 working aged Council Tenants in receipt of Housing Benefit are due to covert to UC.
15. Of those 945 Council Tenant UC applicants:
  - (a) The DWP are paying the housing costs element of UC for 259 tenants directly to Darlington Borough Council through an Alternative Payment Arrangement (see paragraph 18(e) below).
  - (b) 178 of these rent accounts are either in credit or are up to date with their rent.
  - (c) The combined rent arrears for the 945 Council Tenants on UC is currently £469,390.
  - (d) Therefore the average level of rent arrears for Council Tenants receiving UC is £497 compared to £200 for all other Council Tenants. This compares to the national average rent arrears for tenants in Social Housing receiving UC of £662.
  - (e) The average rent arrears figure of £497 represents approximately 5.5 weeks of rent; remembering that UC is paid one month in arrears.
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.
17. Since April 2019 the overall level of rent arrears for all Council Tenants has increased from £822,286 to £888,386 in September 2019 (or 8%). Since June 2018 when the UC full service commenced, rent arrears have increased by 49%

**Chart 2: Council Tenant rent arrears**



## **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 an appointment with Citizens Advice through the "Help to Claim" project.
  - (d) Personal budgeting support is also available from Tenancy Sustainment Officers in Housing Services. Again, referrals can be made by DWP staff or Citizens Advice for an appointment with Council staff to provide UC applicants with support to manage their monthly UC payments and ensure they can pay their rent. 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 rent arrears are kept to a minimum where possible.