NEIGHBOURHOODS, INCLUSION, COMMUNITIES & EQUALITIES COMMITTEE

Agenda Item 25

Brighton & Hove City Council

Subject: Readiness for Universal Credit implementation

Date of Meeting: 9 October 2017

Report of: Executive Director - Finance & Resources;

Executive Director - Neighbourhoods, Communities

& Housing

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Ward(s) affected: All

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

1.1 The purpose of this report is to update the committee on the activities across council services to prepare for the introduction of Universal Credit (UC). This formed a recommendation in a previous report to the Neighbourhoods, Communities & Equalities Committee on welfare reform in July.

2. **RECOMMENDATIONS:**

- 2.1 That the committee endorses and comments on the activities within and across services in preparation for the phased rollout of extended UC beginning in October 2017.
- 2.2 That members familiarise themselves with the issues related to UC, either through the newsletter attached in Appendix 1, or that they consider attending UC training provided by the council's Welfare Rights team. Also that this training be made available to schools and other relevant services.

3. CONTEXT/ BACKGROUND INFORMATION

3.1 UC is a national policy change in the way benefits for working age people are claimed, administered and paid. UC combines six existing benefits, Housing Benefit (which is currently administered by the council), Working and Child Tax Credits, Jobseeker's Allowance, Employment and Support Allowance and Income Support. This will be administered centrally by the Department for Works and Pensions and once fully rolled out more than an estimated 7 million households will be receiving UC across the country. This includes around 20,000 households in Brighton & Hove. An estimate of the distribution of these households by ward is included in Appendix 2.

3.2 The phased rollout for new claims in Brighton & Hove will happen alongside approximately 100 other areas, and is due to take place as follows for the following postcode areas:

BN3 - 4 October BN2 - 29 November BN41 and BN1- mid-January 2018.

Originally the BN41 and BN1 postcodes were due to go live at the earlier dates but the Department for Works and Pensions (DWP) notified the council of the revised timescale in July 2017. This means with very few exceptions anyone making a claim for benefits from these dates will claim UC.

- 3.3 There is currently a trial version of UC available in the city but only for single people in straight forward circumstances.
- 3.4 The residual caseload of people who are already on benefits, and who do not have a change of circumstances that triggers a UC claim during the phasing period, will be subject to a process of transfer to UC between 2019 and 2022.
- 3.5 The policy background, main changes which will be introduced by UC, risks and opportunities were set out the last report on Welfare Reform to the NICE Committee on 3 July. The main changes for claimants will be:
 - UC will be claimed and managed online
 - No benefit paid for first 7 days for most claimants
 - Payment will by default be paid monthly in arrears
 - Payment will default to be to a single member of the household
 - First payment usually made 6 weeks (or longer) from claim
 - The rent element will default to be paid to the claimant, and no longer to the social landlord
- 3.6 There are approximately 100 other areas going live at the same time as Brighton & Hove. These areas are both local and national and cover rural, urban and metropolitan areas, for example Eastbourne, Manchester, Barnet, Ealing, Oxford, Birmingham, and Plymouth. All council areas are due to have the full version of UC in place by September 2018.
- 3.7 For households who move onto UC the council will have a much reduced role in the provision of financial welfare support. Currently if a person rents a property and is on a low income they claim Housing Benefit through the council. This will stop under UC and the welfare support provided by the council will be limited to Council Tax Reduction and Discretionary Housing Payments, Local Discretionary Social Fund and Discretionary Council Tax Reduction. The budgets for this year for the discretionary funds are as follows: Discretionary Housing Payment £1.3million, Discretionary Council Tax Reduction £150k, Local Discretionary Social Fund £180. The budgets for 18/19 are yet to be set.
- 3.8 The council will have a direct relationship with a number of families who move onto UC, largely as landlord but also where there is social care involvement. For most UC claimants the council will have no knowledge of them nor will the council have a relationship with them. Whilst in receipt of Housing Benefit,

claimants are supported by the council in the wider issues of renting, such as the promotion and provision of discretionary payments when Housing Benefit does not pay the full rent, or links into Housing Options and Homelessness intervention in the event of eviction proceedings.

- 3.9 Other organisations have published reports on experiences with UC. National Citizens Advice published a report called 'Delivering on UC' (placed in the members' room) on 6 July 2017. The report sets out that Citizens Advice supports the principles but is concerned they are being undermined. A number of detailed recommendations are made in the report. In summary Citizens Advice states that before rollout accelerates, the DWP should:
 - Reduce the six week wait for the first payment including removing the seven day waiting period (ie where no benefit is paid); informing all claimants about the options for advance payments; and reducing delays by improving requests for information
 - Improve the support available for those moving onto UC including a comprehensive holistic support package as well as specific budgeting and online support.
 - Help people achieve financial stability on UC ensure people do not have
 deductions for other debts taken from UC which leaves them financially
 vulnerable and ensuring Alternative Payment Arrangements are made
 available to all (this is where payments can be made to a landlord, paid more
 frequently, or split across claimants and their partners).

Cross service work

- 3.10 The issues related to UC are related to a number of key areas where the council is already undertaking significant activity, i.e. Provision of housing, employment and skills, apprenticeships, the Living Wage, development of the local economy and ensuring the voluntary and third sector is supported to deal with the implications.
- 3.11 There is a specific cross service programme to prepare the council as far as possible for UC. This captures the actions of specific services and identifies cross- cutting measures. Key areas of cross-service preparation are focussed on:
- 3.12 Emergency financial support and advice. The council runs a scheme called the Local Discretionary Social Fund which can provide emergency food and utility support to people in urgent situations. For 2017/18 the budget is £180k and profiled to be spent in full by the end of the year. This scheme is run by the Discretionary Help & Advice Team in the Revenues & Benefits service. Where there is no alternative the scheme can be used to help people who have a period without income. The team will always make sure that customers are supported to exhaust other statutory alternatives, for example advance payments from the DWP, before a payment is made. Members may wish to create a contingency for this fund against high take-up as a result of UC. This proposal is being taken to the Performance, Resources & Growth Committee as part of the TBM report in October. However this will depend on resources being identified and Section 151 Officer agreement.

- 3.13 Extra funding for the third sector. Members allocated £208k, to the Third Sector Investment Programme specifically to support people with issues related to Welfare Reform and the rollout of UC. The Communities, Equalities & Third Sector Team has maximised investment in Moneyworks and Advice services to deal with the increased issues that residents are experiencing with the changes in the benefit system and ensuring that those agencies who would work with those most affected (see 3.11..5 below) by UC are prioritising this work until March 2018.
- 3.14 Assisted digital and personal budgeting support. The council has maximised the Third Sector Investment Programmes investment in Moneyworks by working with them and the DWP to make sure that UC claimants who need help with making and maintaining their claims online, or with managing a monthly budget are able to do so. This will mean that dedicated sessions in a variety of locations will be available for anyone needing help to go online to claim or maintain their UC claim at appropriate community locations.
- 3.15 **Information and training.** Free training on UC is being provided to the advice and community and voluntary sectors by the council's Welfare Rights teams so that help with claims and appeals is effective. Additionally front-line council staff are being trained in the details of UC. A draft newsletter developed for this purpose, and shared amongst colleagues and partners, has been included as Appendix 1 of this report.
- 3.16 **Support for vulnerable cohorts.** A risk analysis identified a number of cohorts of people who may be at particular risk in trying to maintain UC claims. They include rough sleepers, people affected by domestic violence, people with mental health issues, and people with substance misuse issues. An issue has also been identified with people who struggle to attend Work Capability Assessments in Lewes which is leading in some cases to benefits being stopped. Work is in place to provide support to these cohorts, including working with the local Jobcentre Plus so with appropriate permissions from the claimant information can be shared between organisations to make sure appropriate support is in place.
- 3.17 Understanding the impact across the City. A six weekly meeting on Welfare Reform and UC is held with stakeholders including advice agencies (Moneyworks, Citizens Advice, Money Advice Plus and others), the community and voluntary sector (Community Works, Foodbanks and emergency food providers), registered social landlords (RSLs), private landlords and the DWP. The purpose is to share information and plan for the impact across the city. In addition a dedicated meeting with RSLs on the subject of UC has been held and presentations given to private landlords' associations. Work is also ongoing to communicate these changes to other services such as primary care providers and schools.
- 3.18 **Taking a joined up view of recovery of debt from UC.** As is the case with current DWP benefits the council is able to request that deductions are made from UC to repay debts owed to the council. This can be for rent arrears, Council Tax arrears, or Housing Benefit overpayments. Many other organisations are able to make the same request of the DWP. Council teams involved in the recovery of these amounts are working together to ensure the pressure of any council debt repayment from UC does not create untenable financial situations

- for claimants. This approach needs to be balanced against the requirement of the council to ensure it appropriately recovers debt owed.
- 3.19 **Risk Management** The introduction of Universal Credit is an element of the wider risks around welfare reform and is recorded as strategic risk 24 on the council's risk register. This risk receives focus from ELT and is reviewed yearly by the Audit and Standards committee.

Service specific readiness

3.20 In addition to the cross-service work, individual services are undertaking their own preparation for the introduction of UC as set out below.

3.21 Revenues and Benefits

- Preparing for the interaction between UC and the Council Tax Reduction scheme and related Council Tax recovery processes including maintaining Council Tax Reduction take up.
- Developing processes to identify vulnerable customers when their Housing Benefit claim is ended so other services can support them is applying for Alternative Payment Arrangements and to make sure Jobcentre Plus identify them as vulnerable.
- Supporting people affected by the Benefit Cap when they are on UC
- Supporting people with Discretionary Housing Payment when they are on UC
- Providing training on UC to front line teams within and externally to the council via the Welfare Rights team.
- Providing emergency assistance and caseworking support to people who have problems with benefit entitlement via Discretionary Help & Advice Team
- A deposit insurance scheme option was considered with an external partner but did not go beyond initial scoping. It is thought that this is because the small scale nature of the potential caseload was not of sufficient scale for the partner. There were internal concerns, related to experience of similar schemes elsewhere that the scheme would not be of value and presented risks.
- Forecasting the impact on future Housing Benefit subsidy
- Planning for the impact on increase in transactions related to people claiming UC and claiming Council Tax Reduction.

3.22 Communities, Equalities and Third Sector team

- A sub-ordinated loan from the council to East Sussex Credit Union (ESCU) in April 2016 enabled the development of IT and capital funding to ensure low cost loans to those affected by Universal Credit claims and underpins the work explained below by Housing
- The new Third Sector Investment Programme (TSIP) highlighted the need for partnerships bidding for funding to mitigate the effect of welfare reform. Partnerships gaining funding included food projects to support those most at risk of homelessness, an advice matters partnership, moneyworks, a project to support LGBT people at risk of homelessness to be safely housed, support for domestic and sexual violence and to extend the work of community development into our most deprived wards. The team have been central in working with Moneyworks to agree the details of how personal budgeting support and assisted digital support for claimants of UC will work. This

- agreement is being funded via grant funding from the DWP but devolved to Local Authorities to distribute.
- Using the 208k invested following Performance, Growth and Resources to TSIP to increase the resilience of the third sector to provide support around UC.

3.23 Housing

- A report is due to go to the Housing and New Homes Committee focussed on rent collection in a UC environment in November
- Homeless PreventionTrailblazer project. This is an early intervention and prevention programme to try and prevent homelessness funded via a specific government grant which is over 2 years, expiring in March 2019. It is the forerunner of the Homelessness Reduction Act which comes into force in April 2018.
- Working with Private Rented Sector landlords to assist with tenants who may need Alternative Payment Arrangements (APA)
- Working with East Sussex Credit Union (ESCU) to set up managed payments to landlords and linking this in with the broader benefits of credit union membership and ESCU's membership of Moneyworks which means it can be linked to financial education.
- Looking at other "jam jar" style bank accounts and support which are available.
- Altering tenancy sign up processes to make sure people on UC are supported to complete their claim in full and understand the requirements to pay rent. A trial to make contact with tenants within 48 hours of us being aware they have made a UC claim, to make sure they are supported appropriately.
- Processes are in place around supporting people to claim Alternative Payment Arrangements where needed. This is where the rent element of the UC can be paid to the landlord where there are issues of vulnerability with the claimant.
- Rent collection processes for tenants are under review to take into account payment directly to tenant.
- Reviewing current temporary accommodation household allocations versus property size to make sure they will be supported when they switch to UC
- Identifying people less than 22 years of age who may be affected by the "no housing costs" rule and providing information and support.
- Working with families in temporary accommodation where the accommodation may be harder to afford under UC due to a change in the rules over levels of entitlement between HB and UC based on property size.
- Reviewing provision of emergency accommodation to address issues with UC paying for short term periods
- Reviewing the provision of temporary accommodation to people under 35 given shared room rate implications
- Preparing, with council banking colleagues, for an increase in individual payment transactions
- Reviewing systems in Temporary Accommodation income collection
- Updating monitoring systems to allow the council to track housing issues caused by UC.

3.24 Adult Social Care

- Putting in place processes to ensure clients are supported to claim Alternative Payment Arrangements where needed. This will mainly be achieved by training services which are commissioned to provide support and supported accommodation.
- Working with commissioned providers supporting people rough sleeping to ensure they understand UC and can provide the support this cohort will need.
- Targeting digital inclusion support to people rough sleeping, homeless people and people in supported accommodation services to manage online accounts.
- Working with accommodation and support services to manage the risk that vulnerable people living in supported accommodation may become victims of theft/abuse as a result of receiving large monthly payments.
- Introducing 'readiness to move and manage' assessments as rough sleepers and homeless people move to low or independent accommodation.
- Expanding structured follow up mechanisms which ensure people who move into independent accommodation are sustaining their claims.
- Assessing the possible impacts on people with physical disabilities, sensory impairment, learning disabilities as well as on accommodation models such as extra care and supported living.
- Working with the range of commissioned providers across all client groups to prepare them for the introduction of UC.

3.25 Children's Services

- Incorporating a standardised financial assessment when financial hardship is identified within a social care assessment
- Linking client in with financial advice will become more routine
- Measures are being put in place to track section 17 spending related to Welfare Reform and UC
- Processes are being put in place around supporting clients to claim Alternative Payment Arrangements where needed
- Checking agreements to take debt from a UC claim will not create untenable financial situations for families
- Working with the Revenues & Benefits and Housing teams to identify individuals who will be exempt from the "no housing costs" for people aged under 22.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 At present the council's approach to dealing with the introduction of Universal Credit is to undertake a programme of work to prepare for these changes.
- 4.2 The council also works with partners and stakeholders across the city to understand the impact of Welfare Reform and the introduction of Universal Credit across the city.
- 4.3 An alternative option would be not to prepare for these changes. This approach would require a reactive approach to impacts as they occurred. This would mean ad-hoc shifting of resources with a subsequent impact on business as usual and individual variable levels of support being provided rather than a consistent approach.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 A six weekly Citywide Welfare Reform meeting is held to bring together organisations in the city affected by welfare reform and has recently very much focussed on the rollout of UC. This meeting is attended by representatives of private sector landlords, social landlords, advice agencies, wider community organisations and the DWP. This network is used to both get a proper understanding of how the impact of welfare reform is manifesting in the city and to gather information from partners about the risks and opportunities these changes present. It also provides a conduit for providing detailed information about the changes out to city organisations.
- 5.2 A member of the Welfare Reform Team regularly attends the Advice Services Network meeting. This is a meeting of advice services and agencies in the city. In addition a member of the team responsible for administering the Local Discretionary Social Fund also attends the Emergency Food Providers meeting hosted by the food partnership so that support in this area is joined up.
- 5.3 Staff involved in supporting people affected by these changes also hold a number of informal relationships with city organisations allowing information to be shared on an ongoing basis and particular issues, including case support, to be addressed quickly.

6. CONCLUSION

- 6.1 This is a large scale national change affecting millions of households that will take many years to fully rollout. As a result of this the council will have a diminishing role in the administration of welfare related services.
- 6.2 The changes between the way benefits are currently administered and how they will be administered under Universal Credit are designed to create behaviour change in the people that are in receipt of Universal Credit. For example it is assumed that most tenants should make rental payments themselves rather than rent support being paid directly to the landlord.
- 6.3 The council will no longer be funded to provide rental support via Housing Benefit for people of working age. However as set out in the report the council is changing services to respond to the changes Universal Credit presents and also where there is a need to support households with this transition.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

7.1 It is estimated that for 2017/18 the council will pay out approximately £43m in rent rebates, most of which is in respect of properties where the council is the landlord. Over the next five years as housing benefit transitions to Universal Credit payment will be made directly to the tenant rather than directly to the council. This could potentially lead to a pressure on rent collection rates in both the HRA and General Fund although at this stage it is very difficult to quantify

this. This will be closely monitored and any impact will need to be reflected in future years' budget setting.

The 2017/18 budget includes continued recognition of the potential impacts of changes to the Council Tax Reduction Scheme and national Welfare Reform changes. As well as a wide range of support and advisory services including Financial Inclusion, Housing and Welfare Rights the council also provides one-off resources and grants to support those suffering short term hardship including:

- Discretionary Housing payments (DHP) £1.133m.
- Welfare Reform and Social Fund reserve £0.613m; planned use includes a one-off allocation of £0.295m to continue the Social Fund in 2017/18, £0.95m for discretionary Council Tax Reduction support and £0.144m to support the Welfare Reform programme. A contingency of £0.079m is also set aside for any residual issues in 2018/19 but Policy, Resources and Growth Committee approval will be sought to release this in 2017/18 if required to support pressures resulting from the roll out of UC (see para 3.11.1 above).
- Recurrent discretionary Council Tax Reduction support of £0.055m in addition to the £0.095m provided from the Welfare Reform reserve above.

Finance Officer Consulted: Jeff Coates Date: 13/09/2017

Legal Implications:

7.2 The actions being taken by the council, described in this report, are incidental to the council's powers and responsibilities around administering Housing Benefit, Council Tax Reduction, Local Welfare Provision and homelessness prevention.

Lawyer Consulted: Name Liz Woodley Date: 17/09/2017

Equalities Implications:

- 7.3 An Equalities Impact Assessment on Universal Credit was published by the government in November 2011. There have been a number of calculative changes made to the Universal Credit scheme since then so some of the findings may have shifted, however the assessment found that:
 - For disabled people levels of entitlement may change depending on the levels of premiums they received on legacy benefits. Some areas of provision for disabled people have been reduced and some have been increased so levels of entitlement will vary compared with previous entitlements.
 - Anyone transferring from legacy benefits will receive transitional protection.
 - Participation Tax Rates for disabled people would reduce increasing work incentives.
 - Financial incentives to work for men and women are increased by broadly the same degree.
 - Single women are more likely to see a change in entitlement than single men because single men on Universal Credit are more likely to be out of work.

- Around 16 per cent of the potential Universal Credit caseload is from an ethnic background which is a larger proportion than the population as a whole and that
- People from an ethnic background were more likely to see an increase in entitlement than those who are not from an ethnic background;
- People under 25 are least likely to see a reduction in entitlement and people over 50 most likely to see a reduction in entitlement; this cadre may also need the most support to claim online.

Sustainability Implications:

7.4 None

Any Other Significant Implications:

7.5 None

SUPPORTING DOCUMENTATION

Appendices:

- 1. Universal Credit newsletter
- 2. Map of forecast rollout of Universal Credit

Documents in Members' Rooms

1. Delivering on Universal Credit –Citizens Advice 2017