

WELFARE REFORM

10 December 2014

Jon Poulson
Revenues & Benefits Manager
Chair, Welfare Reform Officers Group

Introduction

- Background to tonight's meeting
- Sue Harrison DWP – the national picture
- Tina Barnard – the Medway picture
- Jon Poulson – Moving forward



Universal Credit – Partner Presentation

Updated 25.11.14



Welfare Reform

The Welfare Reform Act aims to introduce a simpler, fairer benefits system that helps ensure people are better off in work than on benefits.

Our reforms will...

Prepare the long-term unemployed for the world of work

Help to ensure people are better off in work than on benefits

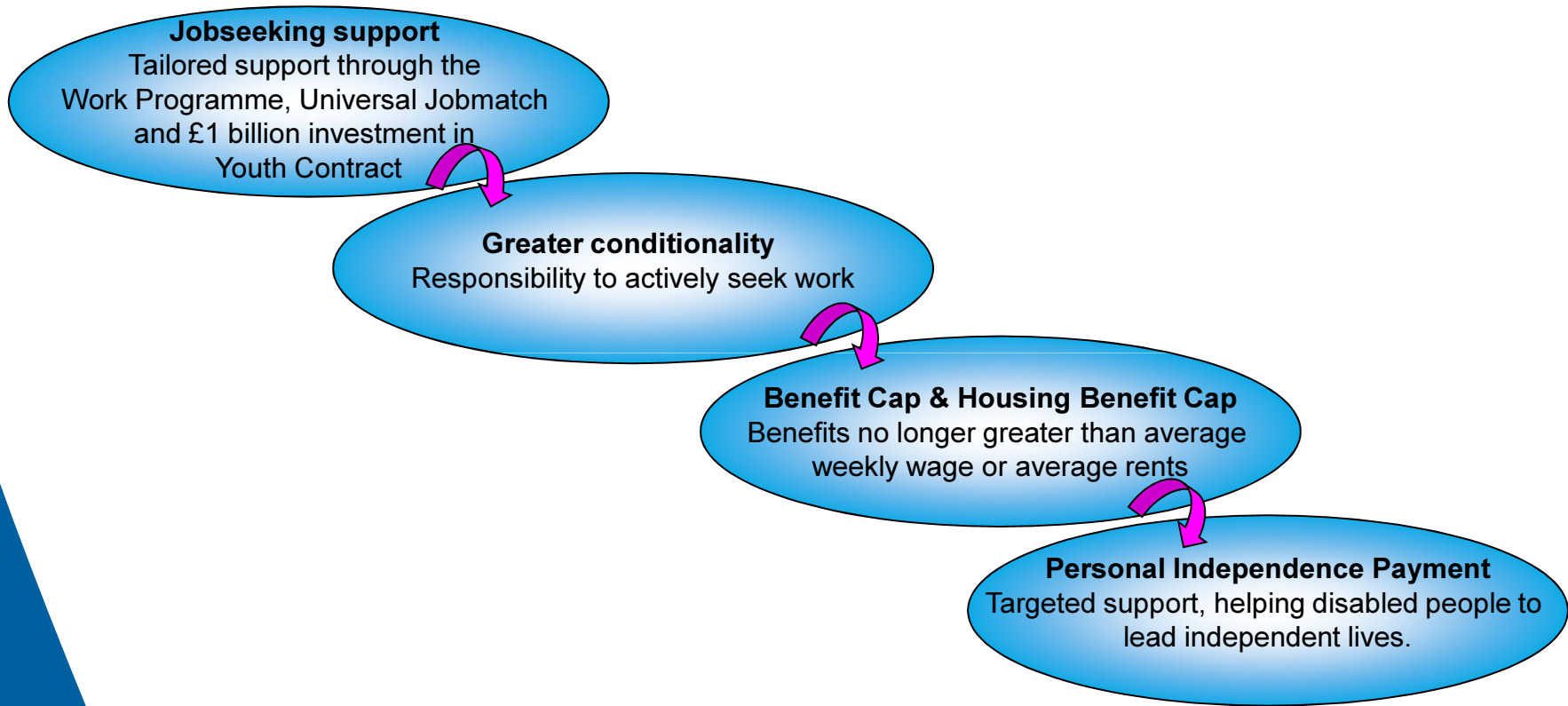
Ensure people receive a fairer pension and are encouraged to save for retirement

Supporting Families to stay together

Provide unconditional support for those who need it

Welfare Reform

We have already begun on this journey...



Welfare Reform

Universal Credit

is at the heart of these reforms.

It aims to **simplify the benefits system** and help and ensure **people are better off in work than on benefits** while **providing support for those who need it**



Universal Credit - it's all about work

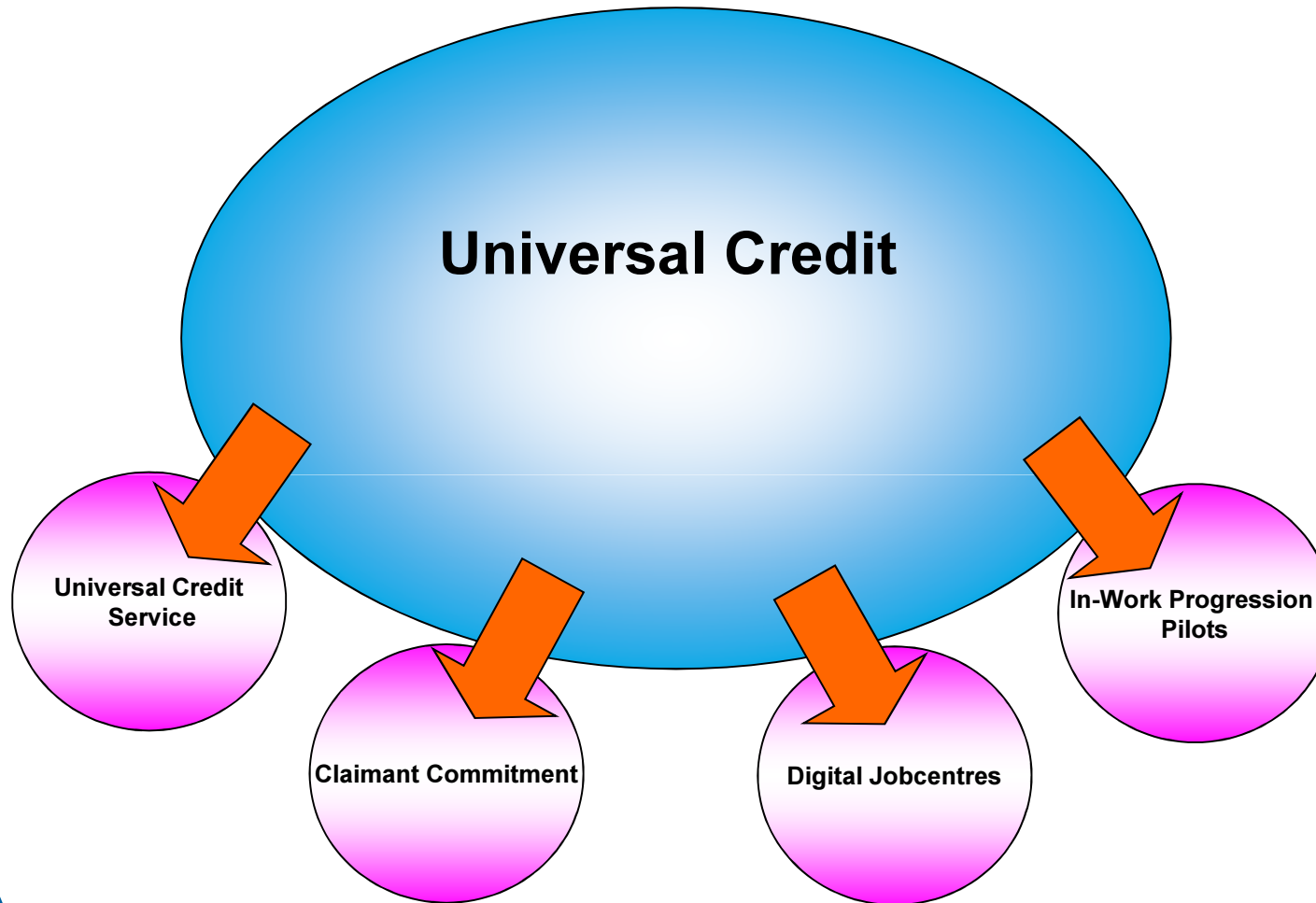
- **Universal Credit aims to reward work.** No 16 hour rule and no limits on the number of hours someone can work. The Universal Credit payment only reduces gradually as their take home pay increases so claimants won't lose all their benefits at once if they are on a low income
- **Universal Credit will encourage a new type of relationship with claimants.** Work Coaches will help claimants to become more independent by supporting them in their worksearch activities. They will help claimants plan and focus their jobsearch as well as set them actions that give them the best chance of finding work
- **Universal Credit aims to support jobseekers through the Claimant Commitment** to raise their expectations of what they can achieve, and to encourage responsibility. Those who are fit and ready for work will be expected to look for a job on a full time basis dependent on circumstances
- **Universal Credit claimants are expected to use Universal Jobmatch**, an intelligent job matching service that helps employers to get the best fit for the jobs that they have on offer



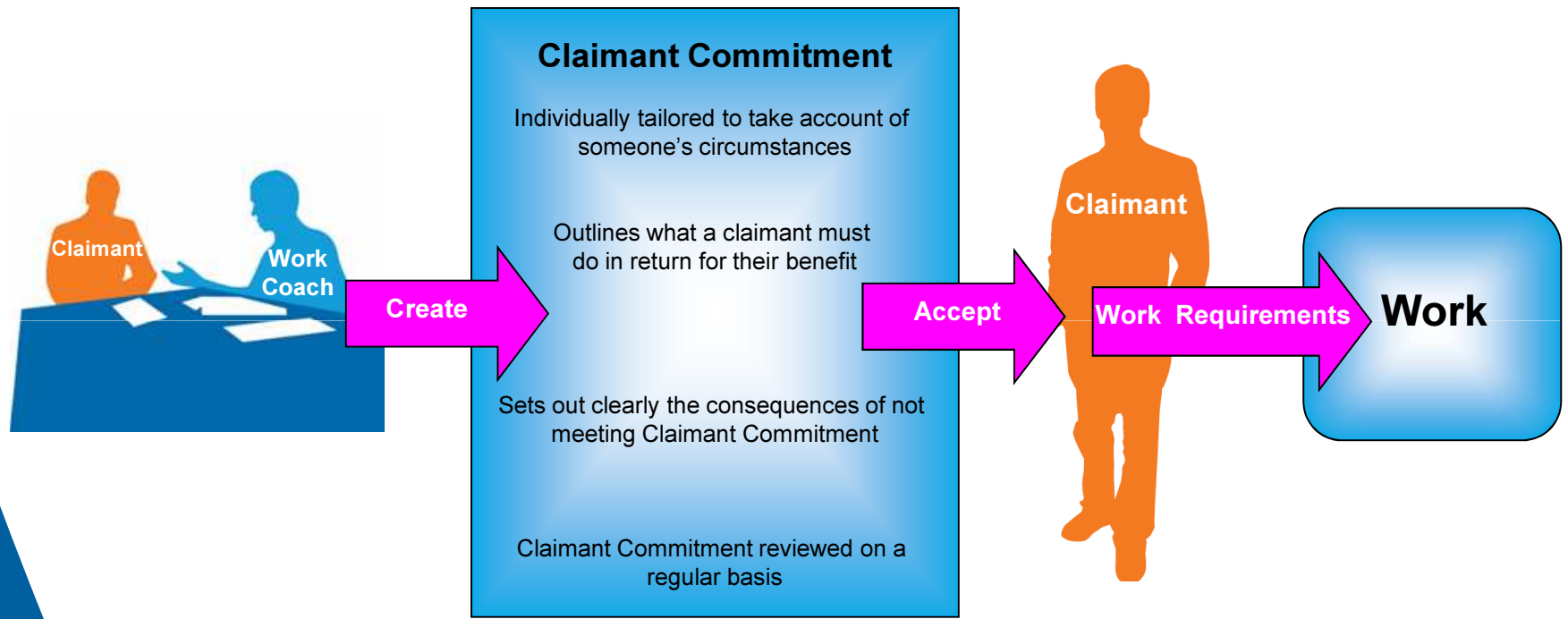
Delivering the policy - how Universal Credit is rolling out to eligible claimants

- Universal Credit rollout began on 29 April 2013 in Ashton-under-Lyne in Greater Manchester
- From 30 June 2014, we began taking new claims for Universal Credit from couples
- From 24 November 2014, we began to expand Universal Credit to families
- Universal Credit will be rolled out to all jobcentres and local authorities across the country from early 2015
- This will ensure Universal Credit is established across Great Britain with new claims to legacy benefits closed from 2016 – with migration to follow thereafter

Delivering the policy



Claimant Commitment





Better off in work

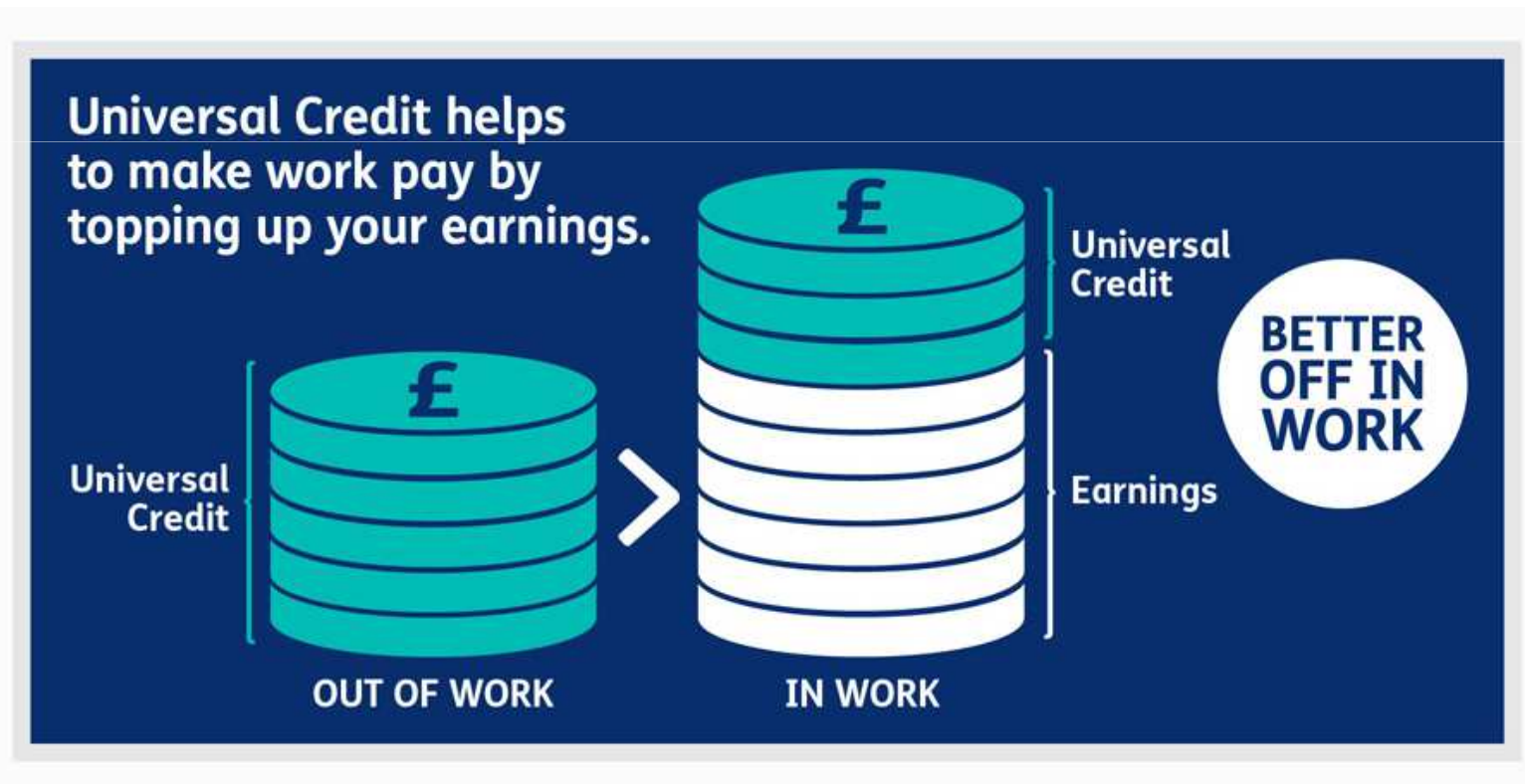
Universal Credit helps people be better off in work than on benefits by:

- Introducing a generally more generous work allowance
- **Removing the limit** to the number of hours someone can work each week
- Reducing a claimant's Universal Credit payment gradually as their earnings increase, so they won't lose all their benefits at once if they're on a low income
- Working families can recover **70%** of their actual childcare costs, up to maximum amount
- From 2016 those paying income tax will be able to claim up to **85%** of childcare costs

Making Work pay

Universal Credit helps to ensure people are better off in work than on benefits by:

- **Removing the limit** to the number of hours someone can work each week
- Reducing a claimant's Universal Credit payment **gradually** as their earnings increase, so they won't lose all their benefits at once if they're on a low income



Eligibility

**Claimant goes
to
GOV.UK
to check latest position
as Universal Credit
gradually expands**

Claimant Journey



UC and Family

Universal Credit will support families as they find work, increase their earnings and move towards financial independence

- It will do this by **making work pay, even if it's just for a few hours a week, providing the right incentives and support to meet a parent's needs AND combining in and out of work benefits**
- Universal Credit payments will be made monthly to a household and can include:
 - A **child element**
 - A **disabled child element to Universal Credit** helps with the extra costs of bringing up a disabled child
 - The **childcare element** helps pay for registered childcare while someone is working
- A claimant will also still be able to receive the following benefits whilst claiming Universal Credit:
 - Child Benefit
 - Child Maintenance
 - Free School Meals and milk (if eligible)
- If a claimant is a lone parent, or the nominated responsible carer in a couple, with a child between the age of one and five they won't be asked to work in return for their Universal Credit but they may be expected to attend a work focused interview and discuss actions they may take to prepare for their return to work in the future

UC and Disability or Health Condition

Universal Credit provides claimants who have a disability or health condition with financial and back-to-work support to meet their needs.

That means:

- If a claimant is able to work they will get the right service and help to reach their goals
 - If a claimant is in work they will be able to keep more of what they earn so they're better off for every additional hour work, whether in a full or part-time job
 - If a claimant can't work they will still get the support they need
 - There are two levels of payment for claimants with health conditions or disabilities - one for people who need the most support and a lower rate for people who need less
 - Applications for Universal Credit will be made online. Extra support will be available to help someone do this and in some circumstances a claimant or their carer will be able to claim over the phone
 - A claimant will need to attend a Work Capability Assessment after completing their application for Universal Credit to see if a health condition or disability affects their ability to work – this will influence what conditions are included in their **Claimant Commitment**
- Someone may be able to claim other benefits on top of Universal Credit including **Disability Living Allowance** and the **Personal Independence Payment**

Universal Credit is not currently available to new claimants with health conditions or disabilities

UC and Work

Universal Credit aims to make sure claimants are better off in work than on benefits

- That's because Universal Credit makes it easier for a claimant to start a new job or work more hours as:
 - There is **no 16 hour rule** and **no limits** on the number of hours someone can work
 - Someone's Universal Credit payment only reduces gradually as their take home pay increases so they won't lose all their benefits at once if they are on a low income
 - An additional £200 million is being invested into childcare support, on top of £2 billion already spent under the current system – paying up to 70% of childcare costs for anyone in work
- To help claimants meet the terms of their Claimant Commitment a Universal Credit work coach will give them **extra help** with their jobsearch including:
 - Universal Jobmatch
 - Youth Contract
 - Work Programme
 - National Careers Service Apprenticeships
 - Access to Work
 - Government funded skills training
 - New Enterprise Allowance
 - Work Choice

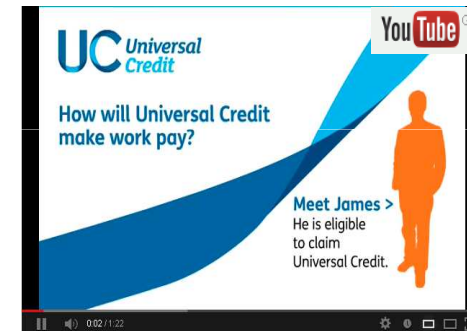
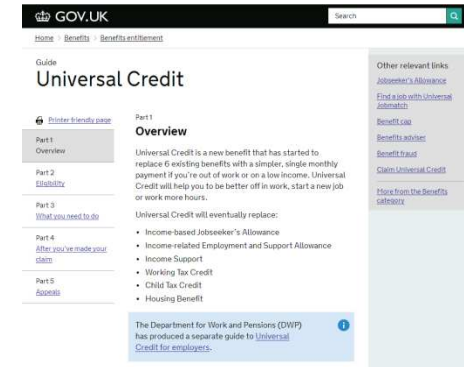
UC and employers

Universal Credit boosts business as employees can work any hours a business needs without losing their benefit if they are on a low income

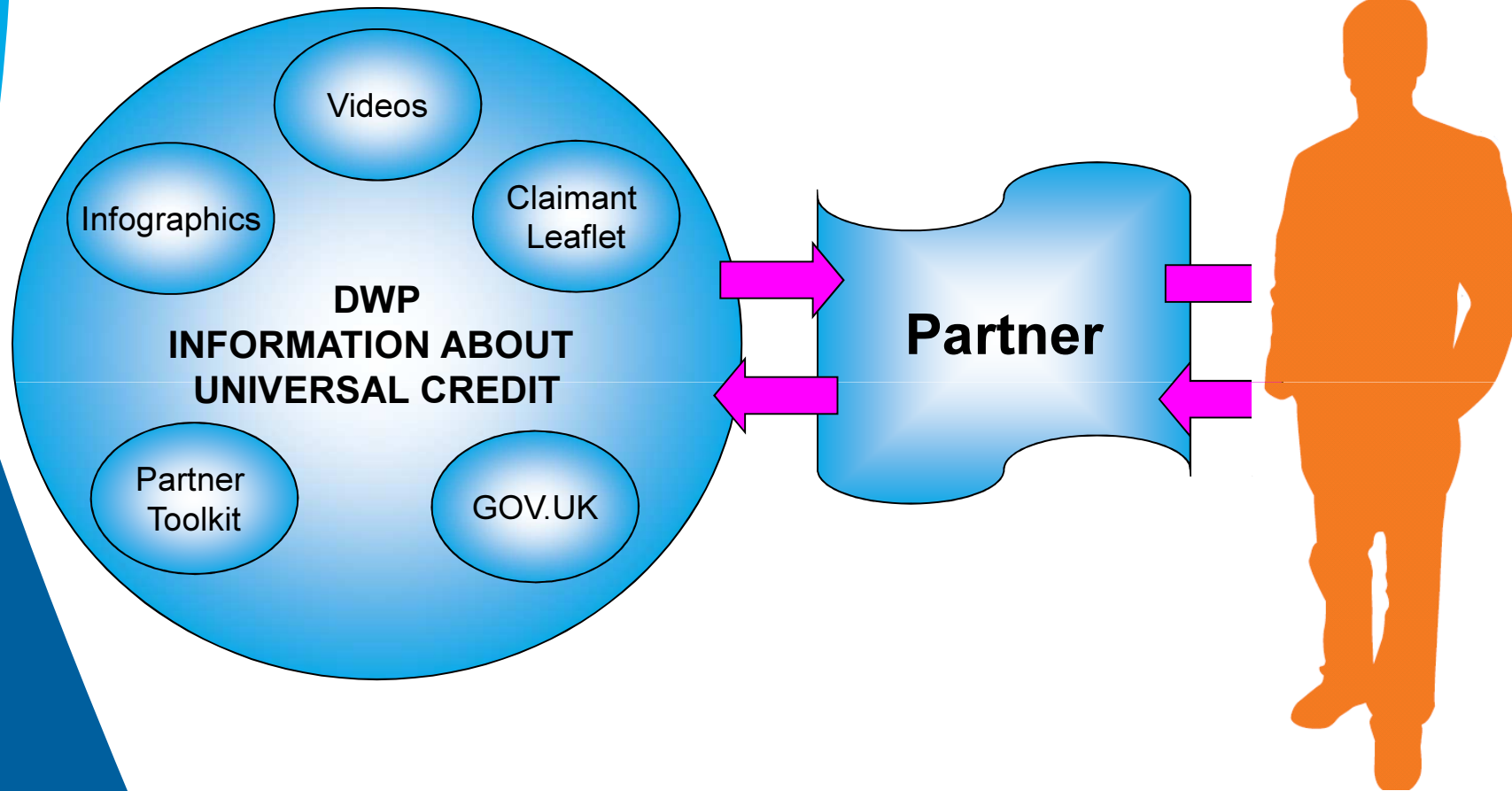
- Universal Credit provides employers with a more **flexible workforce** – removing the 16 hour rule makes it easier for claimant employees to **move in and out of work** and **increase their hours**, so employers will find it easier to fill temporary vacancies and access a wider pool of applicants
- Universal Credit is an in and out of work benefit, so over time existing employees who have been claiming Tax Credits will move over to claim Universal Credit
- Universal Credit payments are linked to how much an employed claimant has earned. This information is captured through the new **Pay as You Earn (PAYE) reporting in real time** to HMRC. This reduces employer administrative burdens and simplifies reporting for starters and leavers
- Accurate reporting of employees' PAYE information on time will be key to a smooth process for the employee so that the correct Universal Credit payment can be made on time too

Communications – What we've done so far

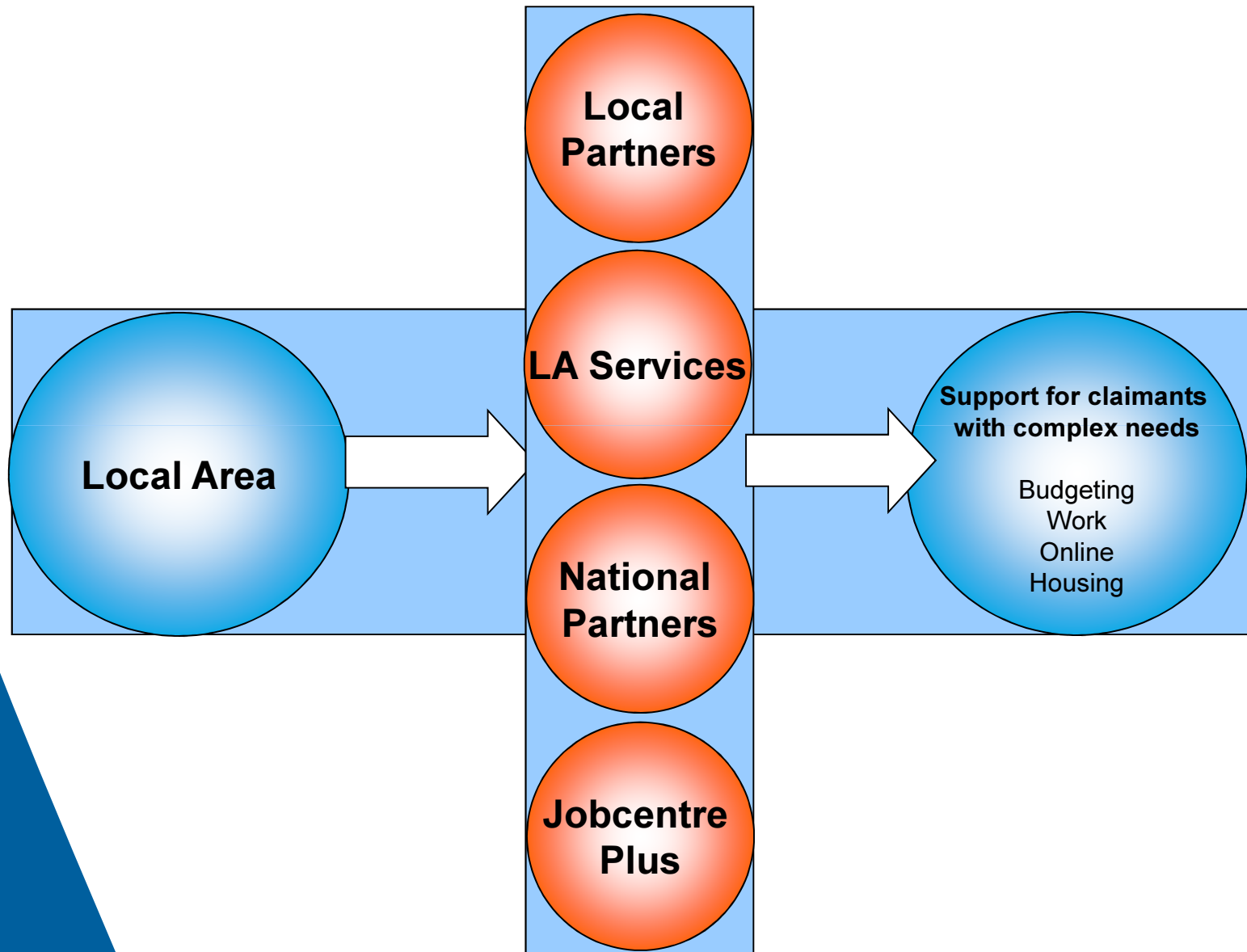
- [GOV.UK](#)
- [Claimant Leaflet](#)
- [Partner Toolkit](#)
- [Infographics](#)
- [Videos](#)



Your role



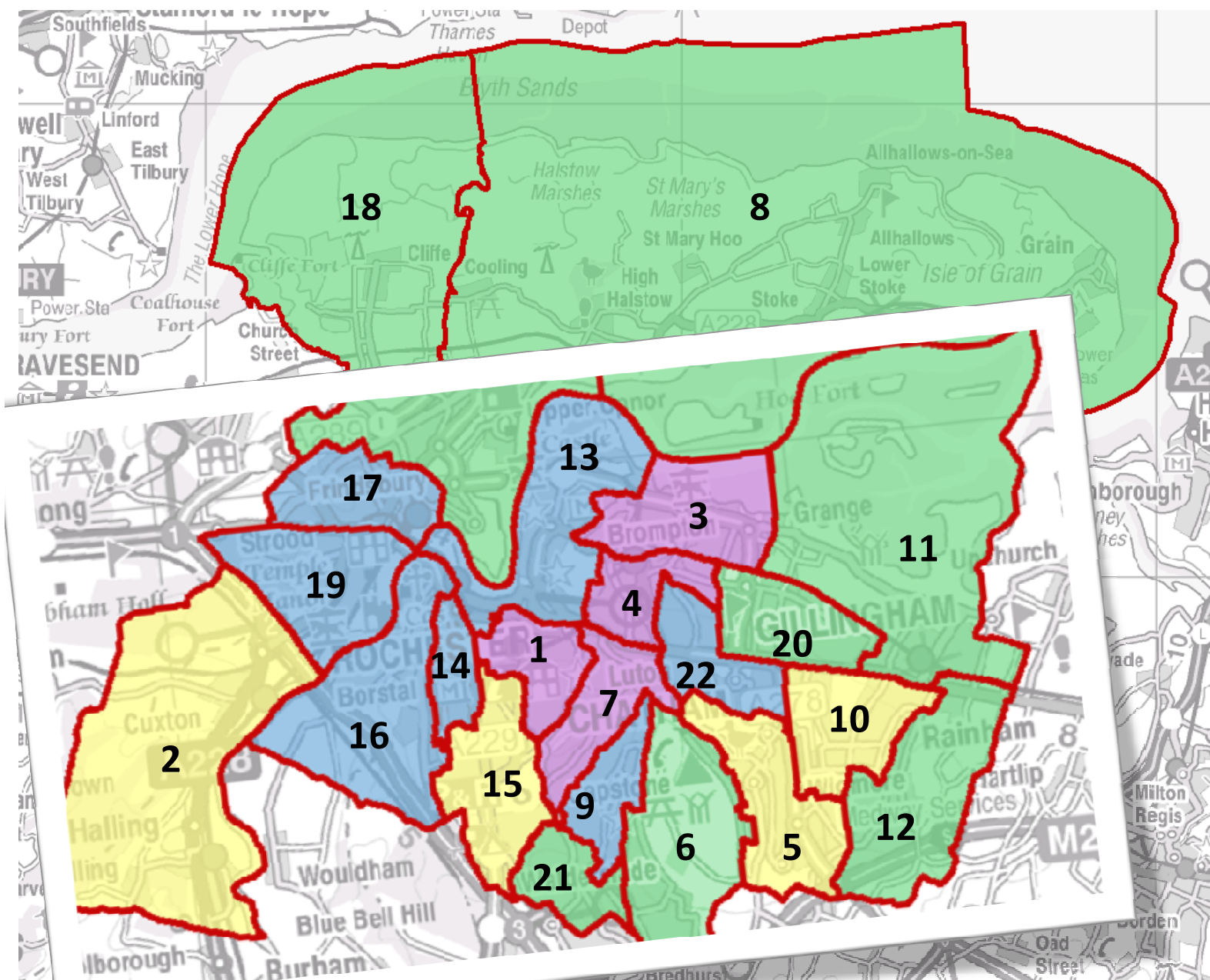
Support for claimants



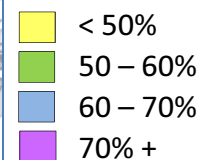
Understanding Medway Housing Benefit and Council Tax Reduction

End November	2013	2014	Increase/Reduction
HB Caseload	20,301	19,794	-2.5%
Pension Age	5,171	5,098	-1.4%
Working Age (all)	15,130	14,696	-2.9%
Working Age Employed	4,380	4,578	+4.5%
CTR Caseload	22,273	21,005	-5.7%
Pension Age	8,833	8,416	-4.7%
Working Age (all)	13,440	12,589	-6.3%
Working Age Employed	2,524	2,467	-2.2%

% of Working Age claims to ward total



1. Chatham Central
2. Cuxton & Halling
3. Gillingham North
4. Gillingham South
5. Hempstead & Wigmore
6. Lordwood & Capstone
7. Luton & Wayfield
8. Peninsula
9. Princes Park
10. Rainham Central
11. Rainham North
12. Rainham South
13. River
14. Rochester East
15. Rochester South & Horsted
16. Rochester West
17. Strood North
18. Strood Rural
19. Strood South
20. Twydall
21. Walderslade
22. Watling



Housing Benefit

19794 housing benefit claims

- 48% private tenants
 - 505 tenants under 35 years & subject to shared accommodation rate restriction (£63.13 per week)
 - 316 of under 35's live in shared accommodation
 - 189 in self contained and required to meet shortfall in rent
 - LHA rates used to determine maximum benefit range from £63.13 for shared accommodation, £109.57 for one bed self contained to £196.15 for 4 bed need
 - 60% of all private tenants have housing benefit paid directly to their landlord

Housing Benefit

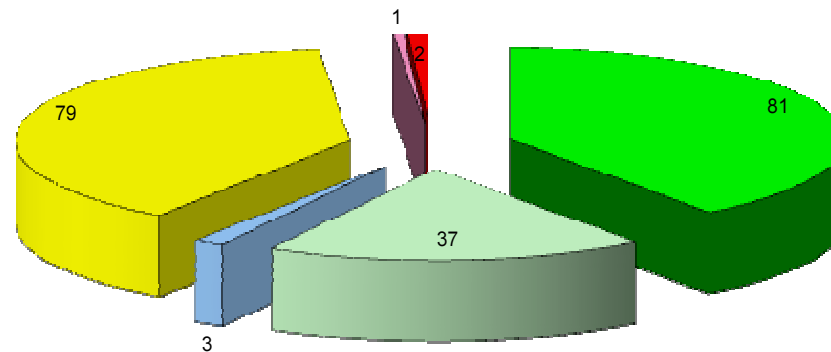
19794 housing benefit claims

- 52% social housing tenants
 - 602 under occupied (subject to size criteria)
 - 83% have 14% restriction to rent used in HB
 - 17% have 25% restriction to rent used in HB
- 450 properties over occupied
- 100% of social sector tenants have their HB paid to their landlord
- Under UC all working age tenants (15,000) will have housing costs paid by the DWP and will be responsible for budgeting including payment of rent

Under Occupation Medway Council Housing Stock

203 Households Affected

Under occupiers as at 8th December 2014



■ In credit

□ Paying SC and reducing arrears

□ Paying SC

■ Increasing less than SC

■ Increasing in line with SC

■ Increasing above SC

Under Occupation Medway Council Housing Stock Events

- Fourth Mutual Exchange Event held on 9 December 2014 to promote Mutual Exchange to assist people to move within social housing who are unable to do so through Homechoice.
- The event has previously been successful in attracting many tenants who wish to move due to under occupying or who are in accommodation which no longer meets their needs / wants.
- In addition there will be partners including Hyde, West Kent Housing, L&Q, Homechoice, Houseswapper & Medway Credit Union to assist those in attendance.



Benefit Cap in Medway

- 120 customers subject to cap
- Majority are private tenants
- Average weekly reduction to HB £52.00
- 25 lose > £100 per week in HB
- 40 lose < £20 per week in HB

Benefit Cap Medway Council Housing Stock

- **8 Households Affected**
- **Average weekly rent = £100.07**
- **Average weekly reduction in HB due to cap = £49.45**
- **Average weekly accrual of arrears = £13.62**

Benefit Cap has similarities to Universal Credit in that it places a budgeting requirement on tenants

Additionally council rents are typically lower than other social & private sector rents.



Localised Council Tax Reduction Scheme (CTR)

Payable since April 2013 the scheme limits the maximum reduction available to working age customers to 75% of their liability.

Recovery action at summons stage against non payers saw an initial increase of 37% following the introduction of the scheme

Discretionary Payments *funded*

- Housing Benefit
- 526 applications April 2014 - 30 November 2014
 - 64% award rate has been consistent on previous years
 - value of award £210k at end November 2014
 - 5% benefit cap
 - 37% under occupancy restrictions
 - 28% reforms
 - 30% other (not due to reform)

Discretionary Payments *un-funded*

- Council tax
- 260 applications April 2014 - 30 November 2014
 - 14% award rate has been consistent on last year
 - value of award £4,500

Real time information

Identifying fraud and error

- Recent initiatives by the DWP to identify and reduce the level of fraud and error in the system include matching data against HMRC employer information
- Focus for 2015 on review of caseload
- Overpaid HB/CTR & potential prosecution

European Economic Area Migrants

- April 2014 – EEA job seekers who do not retain a worker status are not entitled to housing benefit* even though Job seekers allowance (JSA) may be payable
- November 2014 will see a restriction in maximum period JSA is payable reducing from 6 months to 3 months *if they do not have a genuine prospect of finding work within a reasonable time*
- *Some migrants retain an eligibility to claim HB
 - Derive rights from a family member
 - Regarded as a primary carer
 - Show self sufficiency

In summary.....

- UC for the majority of working age customers will result in housing costs (housing benefit) included as part of the UC calculation, payable by the DWP (not the local authority) directly to the tenant
- Reform brings a mixed message
 - statistics show that the overall the HB/CTR caseload is decreasing
 - an increase in claims from those in work is also apparent
 - applications for DHP have remained consistent
 - customers affected by capping are not resorting to DHP to cover their shortfall
 - outstanding council tax liabilities due to the restrictions placed by the CTR scheme continue to increase
- The challenge is to work with partners to mitigate the impacts of reform, encourage customers to understand that reforms can offer a fairer system and to deliver a system based on local support for those most in need

Welfare Reform Officer Group

- Benefits Reform Advice Programme (B.R.A.P)
- 7 recommendations from the Members Welfare Reform Task Group
- Introduction of Universal Support Delivered Locally

About B.R.A.P

- Guidance and signposting service for Medway residents who are at risk of financial hardship due to Welfare Reform. Also give advice to people who are struggling with debt.
- Based on the 1st floor of the Pentagon
- Inform clients who and where they need to go to resolve their issues
- Since October 2013 over 230 clients have sought advice from B.R.A.P
- Clients are able to have a more informal discussion with us due to our location.

About B.R.A.P

- The majority of clients choose to contact B.R.A.P by phone. Operate a call back service with all clients to ensure an outcome has been achieved.
- Most popular organisations we refer to are Turn2Us and Stepchange. Nearly 1 in 5 of clients required the Turn 2Us calculator to find out their entitlement.
- Some clients referred to CAP UK as we felt they would benefit from a face-to-face discussion.
- We receive referrals from a number of agencies such as Employ Medway, Housing Benefit Department, Riverside One, Jobcentre etc.

Task Group Recommendations

- Developing communication between the Council and other agencies to provide a single customer journey
- Improving communications for potentially vulnerable claimants of discretionary payments
- Warm transfer of clients to organisations such as Stepchange, CAB and CAP
- CMT to review membership
- Review to O&S every 6 months
- Letter to SoS for Work & Pensions and SoS for Communities and Local Government
- Reflect on digital access including evolution of community hubs

Universal Support Delivered Locally

- Partnership working
- Triage
- Financial Inclusion
- Digital Inclusion