

**BUSINESS SUPPORT
OVERVIEW AND SCRUTINY COMMITTEE
4 APRIL 2019**

**UNIVERSAL CREDIT AND WELFARE REFORMS
SIX MONTHLY PROGRESS REPORT**

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Summary

This report provides Members with a progress report regarding Universal Credit and welfare reforms as agreed by Cabinet in September 2014, including the work of the Welfare Reform Officer Group.

1. Budget and Policy Framework

- 1.1 The Welfare Reforms are seen as relevant to a number of Council policy documents, such as the Council Plan and Sustainable Community Strategy 2010/26, and particularly relevant to the Council's strategic priorities that underpin all the Council's work in the delivery of services to the people of Medway.

2. Background

- 2.1 In April 2013 the Business Support Overview and Scrutiny Committee selected the 'Impact of Welfare Reforms' for an in-depth review by a Member task group. In particular, Members expressed an interest in reviewing the impact of Central Government's plans to radically reform the welfare benefits system on the Council and residents from April 2013.
- 2.2 The review document was presented to the Business Support Overview and Scrutiny Committee on 26 August 2014. The document was subsequently presented and approved at Cabinet on 2 September 2014 and a copy can be viewed using the following link:
<https://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=24708>
- 2.3 Integral to the findings of the in-depth review was the continuation of the Welfare Reform Officer Working Group. Cabinet agreed in September 2014 that the officer working group should continue to track and respond to the emerging requirements of Universal Credit and Welfare Reforms and report on progress to this Committee every six months until the introduction of Universal Credit.

2.4 The list of actions agreed by Cabinet on 2 September 2014 was turned into an action plan which has been managed, monitored and progressed by the officer led Welfare Reform Officer Group. Most of the actions have either been completed, superceded by events or become 'business as usual' and at Overview and Scrutiny Committee on 13 April 2017 the action plan was closed and a new approach to reporting on the work of the Steering Group was agreed.

3. Update on the Implementation of Universal Credit

3.1 The roll out of Universal Credit is now complete and is available in every Jobcentre across the country. By 2023, all existing legacy claimants will be moved to Universal Credit.

- 1.6 million people were on Universal Credit, as of 10 January 2019; of these, 560 thousand (34%) were in employment;
- 130,000 starts have been made to Universal Credit in the month to 10 January 2019.
- In total 2.7 million starts have been made to Universal Credit since April 2013;
- In total 3.6 million claims have been made to Universal Credit since April 2013.

3.2 Medway currently has 8,165 live Universal Credit claims with 3,624 people intensively looking for work. DWP colleagues report that research shows that:

- Universal Credit claimants are 4% more likely to be in work within six months than JSA claimants;
- People on Universal Credit spend around 50% more time looking for a job than they did under JSA;
- 86% of people on Universal Credit were actively looking to increase their hours, compared to just 38% of people on JSA, because they can take on more hours without losing their benefit;
- 77% of people on Universal Credit were actively looking to increase their earnings, compared to just 51% of people on JSA.

3.3 Universal Credit Live Service claims (for single people) have been moved over to Full Service, so that only one Universal Credit Service is now running. As planned, the testing of moving legacy claimants (Jobseekers Allowance, Income Support, Employment and Support Allowance) to Universal Credit will begin in July 2019 with no more than 10,000 claimants. The goal of the pilot is to learn as much as possible and to increase numbers as slowly and gradually as necessary. Testing the system and processes will allow the DWP to make sure that it can provide the best possible service and, where required, transitional protection to those claimants who will need to move to Universal Credit from their legacy claim as planned, by the end of 2023.

3.4 Overall, more people who are severely disabled will receive higher payments under Universal Credit. The rate in Universal Credit for these claimants is higher at £328.326 per month (up from £165.15 per month on the equivalent ESA Support Group). This means that around 1 million disabled households will gain on average around £100 more per month on Universal Credit than on legacy benefits.

- 3.5 The DWP have already committed more money to protect the most vulnerable, including the 500,000 people currently receiving Severe Disability Premium; the regulations will prevent these claimants from moving over to Universal Credit and provide financial support for those eligible claimants who have already moved over.
- 3.6 The Severe Disability Premium Gateway prevents legacy claimants who are in receipt of the Severe Disability Premium, or have received it within the last month and remain eligible for it, and allows them to continue to claim legacy benefits until they are moved over by the DWP. It committed to bringing this important extra protection into force on 16 January and this provision ensures that it will meet that commitment. Transitional protection for claimants who are moved by the DWP, is worth over £3 billion for claimants over 10 years. The regulations also provide for transitional payments to those eligible claimants who were previously in receipt of the Severe Disability Premium and have moved to Universal Credit before the gateway came into force.
- 3.7 The draft Universal Credit (Managed Migration Pilot and Miscellaneous Amendments) Regulations 2019, will include provision for those eligible claimants that have already naturally migrated to UC. Once these regulations have been debated and approved by Parliament, the DWP will put a process in place to identify eligible claimants and consider them for the 'transitional SDP amount'. These transitional payments will include on-going monthly payments and an additional lump-sum payment to cover the period since they moved to Universal Credit.
- 3.8 A telephony team has been set up at Chatham Jobcentre to take calls nationally, to advise and support people in receipt of a Severe Disability Premium.
- 3.9 The DWP has looked again at the issue of families with two or more children, with particular focus on the families making a new claim whose children were all born prior to the implementation of the policy. It has concluded that including these families would not be appropriate and therefore they will be entitled to support for any children born before 6 April 2017, the date that the policy was introduced.
- 3.10 The policy to provide support for a maximum of two children ensures that parents in receipt of benefits face the same financial choices when deciding to grow their family as those supporting themselves solely through work. Parents who support themselves solely through work would not usually see their wages increase simply because of the addition of a new child to their family. Exceptions are in place to support those who are not able to make decisions about the number of children in their family.
- 3.11 From 1/2/19, parents with 3 or more children can make a claim for Universal Credit. If they have 3 or more children, they are entitled to get an extra amount for at least 2 children. They can only get an extra amount for more children if any of the following are true:
- your children were born before 6 April 2017;
 - you were already claiming for 3 or more children before 6 April 2017; or

- one of the other specific exemptions apply.

3.12 An extra amount is paid for any disabled or severely disabled child regardless of how many children they have or when they were born.

4. Work of the Welfare Reform Officer Group

4.1 With Universal Credit for families having gone live in May 2018 and the task group's original recommendations having been taken forward and largely embedded in 'business as usual', it is an appropriate time to review whether it is necessary for the Welfare Reform Officer Group to continue to meet. Officers and colleagues from our partner organisations have been consulted and Overview and Scrutiny Committee is asked to support the dissolution of the group.

4.2 It is however recognised that the Committee will require some assurance that the good work which has taken place and the support and services that have been introduced for vulnerable families will remain in place. This report seeks to provide that assurance.

4.3 Information, Advice and Guidance for Vulnerable People

4.3.1 Medway Council has now commissioned a new Voluntary Community Service (VCS), the VCS 'Better Together' Consortium. The services that form part of the contract include Infrastructure and volunteer brokerage (MVA), Healthwatch Medway (Engage Kent), welfare, debt and advice support and local welfare provision (Citizens Advice Medway), adult and young carers' service (Carers FIRST) and the visually impaired service (Kent Association for the Blind).

4.3.2 The VCS 'Better Together' Consortium works collaboratively with a range of services including the Medway Wellbeing Navigator Service provider IMAGO. Providers are working together to identify and support vulnerable people of Medway to tackle social isolation and loneliness and improve mental health and wellbeing. This is being achieved by ensuring service users have a comprehensive understanding of available services and there is a range of information and advice and guidance around benefits, housing, financial support for carers and financial management and future avoidance through self-management.

4.3.3 The Welfare, Debt and Advice Support service includes the Local Welfare Provision (LWP). The LWP part of the service ensures that vulnerable people affected by welfare reforms, fleeing domestic abuse or in financial crisis are provided with the appropriate support.

4.3.4 Since the start of the service in January, Citizens Advice Medway have assessed 109 clients through the LWP process and have referred all clients through debt and welfare advice. Following assessment, 65 clients did not receive any ongoing support because they felt that their circumstances had changed or they no longer needed assistance. The remaining clients were given a range of support including budgeting help, food vouchers and financial assistance.

- 4.3.5 Since the start of the new LWP service there has been a decrease in the number of people relying on financial support payments and an increase in people being better supported to manage their financial crisis situation themselves through budgeting support.
- 4.3.6 In addition to this, the Early Help Transformation Team continues to support families at either Early Help or Safeguarding intervention levels many of whom are either on or transferring to Universal Credit. It does this through the secondment of two Troubled Families (TF) Employment Advisors from the Department for Work and Pensions who advise families alongside the case workers. The work involves financial and benefit checks plus support to get back into work. These posts will continue at least until the end of the TF programme in March 2020. However steps are in place to sustain their work through the upskilling of social workers and family workers across the system. Work coaches in the DWP have also been trained to recognise Early Help or Safeguarding needs.

4.4 Communication and Digital Working

- 4.4.1 This work stream was concerned with ensuring that information is available and accessible for vulnerable people and tasked with linking the work of the Welfare Reform Working Group with the wider Transformation agenda, in particular around the Council's ambitions for a citizen's portal.
- 4.4.2 The project element of this work stream has now concluded and is essentially embedded in 'business as usual' for the Communications team, while plans for a citizen's portal are starting to near fruition.

4.5 Universal Credit Partnership Agreement

- 4.5.1 Since the introduction of universal credit, local authorities received modest funding from the DWP to provide universal support in the form of personal budgeting support and assisted digital support. However, on 1 October 2018, it was announced that the funding was being withdrawn from local authorities and the contract was being given to the Citizen's Advice Bureau from 1 April 2019. In spite of this, the services introduced by the Council to support these areas of work are embedded in 'business as usual' and will continue to be available for vulnerable people affected by Universal Credit and the wider welfare reforms.
- 4.5.2 Personal budgeting support has been strengthened across the Council and is now a fundamental part of the 'Better Together' services commissioned through the VCS, in addition to the services provided by our own in-house welfare advisors.
- 4.5.3 The Library Service through its 15 Libraries and Community Hubs continues to be able to provide assisted digital support for the residents of Medway. This can be accessed through over 150 public computers with free internet access, free access to Wi-Fi in every building, well trained staff and volunteer computer buddies.

4.5.4 As the work overseen by the Welfare Reform Officer Group moves into a more operational, 'business as usual' phase, it is important that partnership working continues at a practitioner level. DWP colleague's chair Chatham's Universal Credit Strategic Complex Needs Partnership forum, which is held every few months. This comprises all of the key stakeholders, ranging from landlords and charities to Medway Council colleagues, which enables the DWP to deliver key messages on Welfare Reform to partners and and join up services in Medway, building on the work the Welfare Reform Officer Group. There are also the Welfare Reform Practitioner Group meetings, chaired by MHS.

4.6 The Work Programme

4.6.1 From January 2018, the Work Programme was superseded by the Work and Health programme. The DWP awarded the contract to one prime contract holder in each area. Shaw Trust is responsible for the home counties and whilst they deliver part of the programme directly themselves, Employ Medway's performance resulted in it being selected as the only supply chain partner in Kent. This sub-contract is worth around £1.6 million over the next five years and will support those furthest from the labour market.

5. **HRA Housing Services**

5.1 Universal Credit is one of the most significant challenges faced by the HRA Landlord Service. The main impact is that tenants whose rent was previously paid to the HRA directly, automatically and weekly by Housing Benefit, will be responsible for paying the rent themselves using the Housing Element of their Universal Credit payment which is paid to the tenant, monthly.

5.2 As reported in previous updates, the HRA team have worked intensively and closely with other partners to prepare for Universal Credit, and the Housing Service was arguably in as good a position as it was possible to be, but the impact of UC on HRA rent arrears has been significant. This work included:

- Working with the Communications team to develop information and publicity for tenants;
- Regular updates on Social Media;
- Weekly advice surgeries at the Twydall Hub;
- A series of 'road-shows' were held at locations convenient for tenants.

5.3 Full roll-out of UC in Medway began in May 2018. Since then 252 tenants have moved over to UC. If roll-out continues at the same rate, then it is expected that approximately 300 tenants will be on UC by the end of this financial year, rising to approximately 650 by the end of 2019/20.

5.4 In common with other landlords where UC has 'gone live', the HRA is experiencing a higher level of arrears from tenants who are UC claimants, as compared with the tenant population as a whole. As at 4 March 2019 arrears for UC tenants only was at 7.1%, compared with 1.3% for all tenants. This is estimated to have added approximately £80k to the overall rent arrears total (although this figure should be viewed with some caution as it is not possible to quantify the impact of UC with 100% accuracy).

- 5.5 Housing Benefit has been and remains a key component of HRA income, and the efficiency of the HB service coupled with very good and close working relationships between HRA and HB staff has been a key factor in Medway's historic good income collection performance. This landscape is changing however as the 252 tenants currently on UC would previously have been in receipt of HB so the benefits of the efficient HB service are lost. This balance will continue to change as the number of tenants in receipt of HB decreases, to be replaced by increasing number of tenants on UC
- 5.6 As well as the fact that tenants – on low incomes and often with competing financial pressures – who previously had rent 'paid for them' by direct paid Housing Benefit now are responsible for making sure the rent is paid themselves, another key challenge for HRA Income Team is the lack of easily available information about the progress of claims, problems with payments and so on. Relationships with the DWP are good, but the system does not allow for the same level of communication as enjoyed with Housing Benefit colleagues. In response to this changing environment the HRA are taking action including:
- A review of the team structure to take account of predicted increases in workload;
 - Exploring the procurement and use of specialist predictive software to enable the team to work as efficiently as possible;
 - Regular liaison with the DWP – including a regular 'surgery' held at the Chatham Job Centre Plus – to ensure communication is as good as possible and to make sure officers are aware of and using all available 'tools' such as Alternative Payment Arrangements, appropriately.
- 5.7 The HRA will continue to prioritise working with tenants to mitigate the impacts of UC on tenants after the Welfare reform Steering Group has stopped meeting. This will be done via continued close working with the DWP both at an individual case level (including via the on site presence at Chatham Job Centre as mentioned above) and via regular liaison including a regular Welfare Reform Practitioners Meeting that meets quarterly.

6. Risk Management

- 6.1 In common with other 'task and finish' projects, there is a risk that the good work initiated by the Member Task Group and progressed by the Welfare Reform Officer Group slips and is overtaken by other competing priorities. It is hoped that the work outlined in this report provides Members with sufficient assurance that this will not be the case.

7. Financial and legal implications

- 7.1 The work to identify and support families affected by the welfare reforms is important to prevent these vulnerable people from requiring more expensive statutory services later on.
- 7.2 There are no legal implications to this report.

8. Recommendations

- 8.1 The Committee is requested to note the work referenced in this report and be assured that the Member Task Group's recommendations are embedded in the the Council's policies, practices and contracts and those of its partners.
- 8.2 The Committee is asked to note that, in line with the Cabinet's decision that the the Welfare Reform Officer Group should continue until the introduction of Universal Credit, the Group has now been disbanded.
- 8.3 The Committee is asked to agree the frequency and contents of future progress reports.

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Appendices:

None

Background papers:

Cabinet Report – Welfare Reform Task Group

<http://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=24708>.