

## **BUSINESS SUPPORT OVERVIEW AND SCRUTINY COMMITTEE**

**19 AUGUST 2021**

### **UNIVERSAL CREDIT AND WELFARE REFORMS ANNUAL PROGRESS REPORT**

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#### Summary

This report provides Members with update on the roll out of Universal Credit and other work streams associated with welfare reform, as agreed by Cabinet in September 2014.

#### 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 The list of actions agreed by Cabinet on 2 September was turned into an action plan which was managed, monitored and progressed by the officer led Welfare Reform Officer Group. The actions have either been completed, superseded by events or become 'business as usual' and at Overview and Scrutiny Committee

on 13 April 2017 the action plan was closed. The Committee did however request an annual update on these areas of work.

### 3. Update on the Implementation of Universal Credit

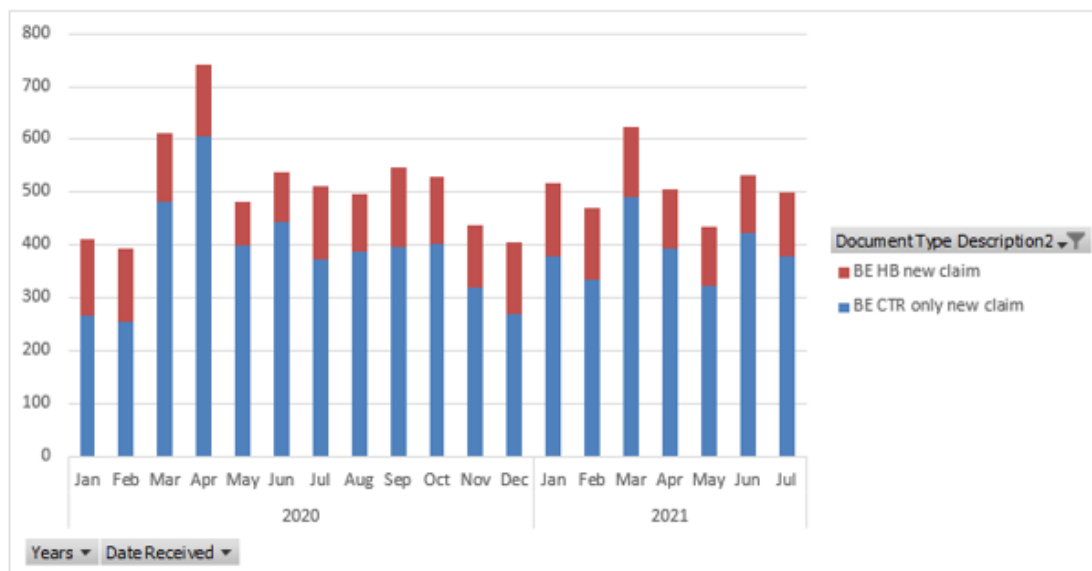
3.1 Universal Credit (UC) Full Service went live within Medway on 30 May 2018. We are only able to accept new claims for Housing Benefit if the claimant is:

1. of state pension age,
2. living in specified accommodation,
3. placed in temporary accommodation by Medway Council.

3.2 Claimants currently claiming Income Support, Jobseekers Allowance (Income Based), Employment and Support Allowance (Income Based), Working Tax Credit, Child Tax Credit and Housing Benefit will remain on their benefits until their claim can migrate to UC. These benefits are known as legacy benefits. These claims could naturally migrate if they report a qualifying change of circumstances to their legacy benefit. UC is a household benefit; the change would trigger the closure of all legacy benefits that UC is replacing for everyone in the household. This will continue until the DWP decides to initiate managed migration of an entire household from legacy benefits to one UC entitlement. Managed migration is currently scheduled to start in 2023 with a trial recommencing within Harrogate. This action was curtailed by the pandemic.

3.3 When a customer makes a claim for Universal Credit, we are sent a stop notice which effectively tells us to cease paying Housing Benefit and consider the 2-week transition payment for the customer who is moving onto Universal Credit. When UC went live, we had 17,527 active claims for Housing Benefit, we now have 10,534 (as of 31 July 2021) with 6,466 of those being claims from working age claimants. Once all of the eligible cases have migrated to UC, we expect that Medway will have a HB caseload of around 5,500 claimants consisting of pensioners and claimants in specified and temporary accommodation.

3.4 However, workloads within the team remain high mainly due to the increased amount of correspondence received in respect of Universal Credit. The team receive monthly income updates for claimants in receipt of Council Tax Reduction and Universal Credit. Additionally, the new claims we now deal with are the most complex cases and take longer to process. The table below shows the numbers of new claims for Housing Benefit and Council Tax Reduction received each month:



#### 4. Council Tax Reduction

4.1 The Council currently has 15,924 (as of 31 July 2021) claims for council tax reduction of those 9693 of these are in relation to working taxpayers and 4439 are in receipt of Universal Credit. During the pandemic council tax reduction was extremely busy and levels of claims and cases are still higher than their pre-pandemic levels. During the 2020-2021 financial year, the Government allocated Medway Council a hardship fund to provide an additional £150 (where applicable) to those in receipt of council tax reduction.

#### 5. Social Sector Size Criteria

5.1 We currently have 290 claims affected by under occupancy rules. The impact is shown in the table below.

	14% reduction	25% reduction	Total
Council Housing	77	21	98
Other social sector	153	39	192
Total	230	60	290

5.2 This represents a reduction from the figures reported in October 2018 when 486 claimants were deemed as under occupying their home and had the eligible rent figure used in the calculation of their benefit award reduced by 14% or 25%. The decrease reflects the reduction in caseload.

#### 6. Benefit Cap

6.1 From 7 November 2016, we saw the introduction of the lower benefit cap thresholds. The thresholds changed from £500.00 per week for lone parents and couples to £384.62 per week and from £350.00 per week to £257.69 per week for single people. As of 5 August 2021, we cap the Housing Benefit of

139 claimants with the highest reduction being £236.49 and the lowest £1.10. The table below shows the impact across the different rental sectors:

	All claim types	Social Sector	Homeless	Private sector
Number of caps	139	46	6	87
Avg. weekly loss	£ 46.11	£ 50.48	£ 67.74	£ 42.31
Min. weekly loss	£ 1.10	£ 1.10	£ 31.35	£ 2.43
Max. weekly loss	£ 236.49	£ 157.42	£ 124.70	£ 236.49

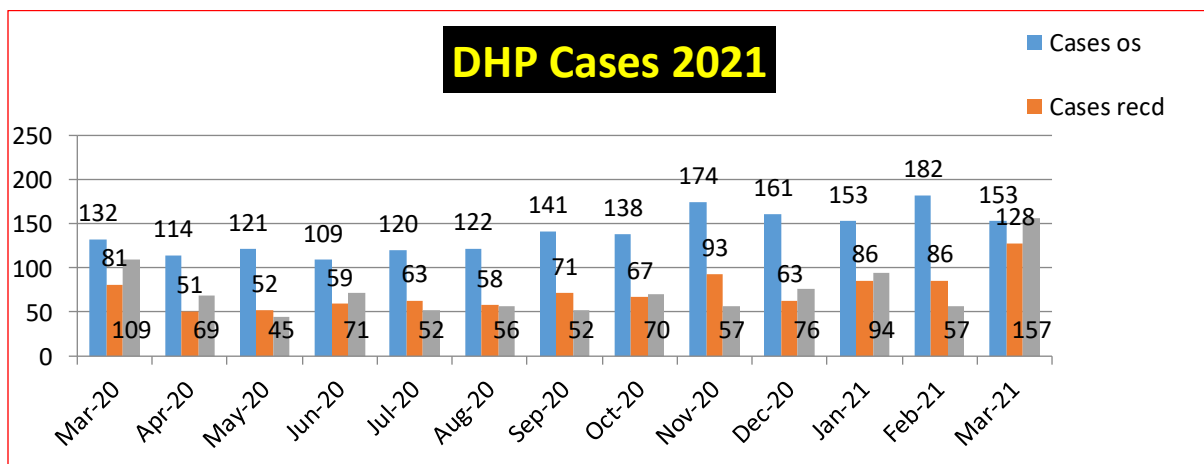
6.2 This is a reduction in the figures reported in October 2018 when 323 Housing Benefit claims were capped; 142 within the social sector, 43 homeless households and 138 in the private rental sector. The decrease reflects the reduction in caseload.

## 7. Two Child limit

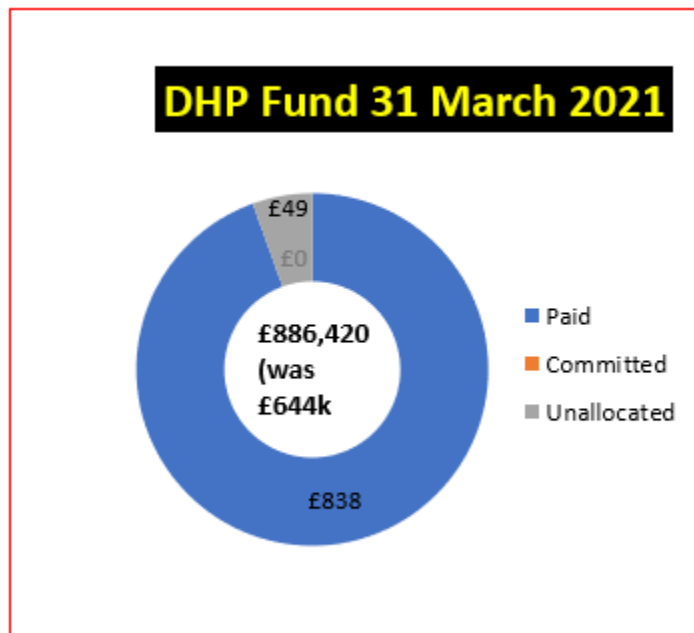
7.1 From 6 April 2017, the Housing Benefit Regulations were amended to limit the child/young person allowance within the applicable amount to 2 children. These mirrored changes made to other welfare benefits and applied to both working and pension-age customers. Anyone with a Housing Benefit claim on 5 April 2017 with more than two children, were protected unless they have to make a new claim, or they have a new child after that date. Medway Council currently has 122 claims affected by these new rules. 103 claimants have lost the allowance for 1 child, 16 have lost the allowances for 2 children, 2 have lost allowances for 3 children and 1 have lost the allowances for 4 children. This is a reduction from the 252 claims reported in October 2018, but this is due to the decreasing number of Housing Benefit awards. Similar measures exist within Universal Credit; therefore, this should not be viewed as a real reduction in the number of people affected by this change.

## 8. Discretionary Housing Payments

8.1 In 2021, we were allocated a DHP budget of £886,420 increased from £644,000 in 2020. The table below shows the cases received:



8.2 Despite the eviction ban during the pandemic, the fund was still in demand and since April 2021 the demand has increased.



8.3 The DWP have changed the way in which DHP funding is given to local authorities. Historically, authorities would receive an annual funding amount. For 2021, it has been decided to award an allocation from April to September. Medway has been awarded £490,000 however, we are aware that the second allocation will be lower than the first.

## 9. Changes to welfare benefits following the coronavirus outbreak

9.1 When the pandemic struck, the government made changes to financial support schemes to support those affected:

- **Coronavirus Jobs Retention Scheme:** This is a scheme where the government helps employers to pay their employees' salaries. Individuals can only access this scheme through their employers.
- **Self Employed Income Support Scheme:** This is a scheme to where the government pays self-employed people a percentage of their usual profits.
- **Increase to Universal Credit and Working Tax Credit:** Universal Credit and Working Tax Credit standard allowances were both temporarily increased by £1,000 per year.
- **Changes to Local Housing Allowance (LHA) rates:** LHA rates, which affect how much help people in private rented accommodation can get with their rent, were increased to reflect the lower 30% of the rental market in each area in the UK.

- Suspension of Minimum Income Floor: The minimum income floor, which affects self-employed people claiming Universal Credit, was suspended to November 2020 and this was then extended to April 2021.

9.2 The self-employed minimum income floor is being reintroduced from August 2021 and the increase in allowances with Universal Credit and working tax credit will end from September 2021.

## 10. Test and Trace Support Payments

10.1 The Revenue and Benefits Service have been given the responsibility of administering test and trace support payments. This is being managed within the Benefits Team.

10.2 The payment of £500 is to help during self-isolation periods for those who have tested positive for coronavirus (COVID-19), who or been in contact with someone who has tested positive.

10.3 The scheme has been repeatedly extended. It was meant to end in January 2021, subsequently extended to March 2021, then June 2021 and now until 30 September 2021.

10.4 It is for:

- people who have been asked to self-isolate by NHS Test and Trace on or after 28 September 2020;
- people who have been identified as a close contact by the NHS COVID-19 app from 10 December 2020;
- a parent or guardian who is staying off work to look after a child who is self-isolating from Monday 8 March 2021.

To be eligible, you must:

- live in Medway;
- be employed or self-employed;
- be unable to work from home and will lose income as a result;
- be currently receiving Universal Credit, Working Tax Credit, income-based Employment and Support Allowance, income-based Jobseeker's Allowance, Income Support, Housing Benefit and/or Pension Credit.

10.5 There is a discretionary scheme for those not in receipt of a qualifying benefit.

10.6 The Council has received 4,987 claims for the payment paying out nearly £1 million across the discretionary and standard schemes.

## 11. Advice and analysis

11.1 Local Welfare Provision update

11.2 On 1 January 2019 Citizen's Advice Medway (CAB) were awarded provision of the LWP service as part of the VCS 'Better Together' Consortium (Lot 3) Welfare, Debt and Advice including the Local Welfare Provision (LWP).

- 11.3 A budget of £40,000 is allocated per annum for the payments (to applicants) in the contract.
- 11.4 Medway Council was awarded additional funding for Emergency Assistance of £336,715.05 as part of the Governments COVID-19 response. The additional funding provision is to protect the most vulnerable struggling to afford food and other essentials due to COVID-19.
- 11.5 In line with government guidance, Citizen’s Advice Medway agreed to manage the Emergency Assistance Grant (EAG) with the LWP on behalf of Medway Council from 1 September 2021 until 31 March 2021.
- 11.6 In December 2021 the Council was awarded £200,000 and subsequently a further £50,000 Winter Grant Funding (WGF) to 21 June 2021. The fund also supports families struggling financially due to COVID-19 and is also administered by CAB alongside the LWP and EAG.
- 11.7 Since September 2020 the eligibility broadened to support more individuals and families struggling to afford food and other essential items due to the impact of COVID-19 through the EAG and WGF. The EAG also ensures support to those who have no recourse to public funds, regardless of immigration status, if there is genuine need, for example serious health problems, and risk to a child’s wellbeing.
- 11.8 Strict governance is followed in processing of applications in line with government guidance, including proof of identity and proof of low income and benefits received. No award is given if deemed fraudulent and reported.
- 11.9 The table below shows the key throughputs and outcomes of the LWP/EAG and WG service from 1 April 2020 until 31 March 2021.

<b>LWP/EAG/WG throughput and outcomes</b>	<b>1 Apr 2020 - 31 March 2021</b>
<b>Applications</b>	
Number of Applications	13804
Number of interventions awarded	11978
% Awarded	87%
Number of applicants who disengaged, withdrew, or refused to give ID	605
% Clients who disengaged, withdrew, or refused to give ID	5%
Number of families awarded	11710
% Of families awarded	85%
Number of single people or people living with a partner or with children over 18 years old awarded	342

<b>Application Reason</b>	
Clients on low income (some of below reasons are included within low income)	12606
% Of clients on low income	91%
Benefits: Universal Credit (such as awaiting payments)	418
Housing support: Included Homeless Temporary Accommodation	496
No income	407
DV cases	235
No Recourse for Public Funds	10
Leaving Residential Care/ Hospital/ Prison	11
<b>Intervention Outcomes</b>	
Essential household items awarded	386
Food and clothing awarded	11663
Support with Utilities	91

11.10 Since the COVID-19 pandemic CAB have seen a significant increase in demand for support to clients struggling financially, and in a crisis. A total of 11,710 families were supported, for example through the provision of food and clothing.

11.11 At short notice, the service has assisted the Council with the 'Free School Meals' initiative.

11.12 The service facilitated vital support to Medway Council in assisting people who were struggling financially to afford food and other essential household items during the pandemic.

## 12. HRA Housing Services

12.1 Universal Credit continues to present a challenge for the HRA Landlord Service. This is due to tenants being paid directly and therefore having to pay their rent to the service rather than the rent being paid directly onto the rent account as is the case with Housing Benefit.

12.2 The Housing Service has amended ways of working to limit the impact of Universal Credit and offer support to customers at the initial sign up stage to ensure their Universal Credit claims are updated and establish ways of paying their rent with them. The service also offers support through the Tenancy Sustainment Team, including weekly surgeries, support budgeting and maximising income.

12.3 The Council had 725 tenants on UC at the end of 2020/21 and as of 1 August 2021 there are 796. If the current rate of Universal Credit claims continues as it is we can expect that there will be approximately 936 tenants on UC by the end of this financial year, rising to approximately 1,146 by the end of 2022/23.



- 12.4 Tenants on Universal Credit have a higher level of arrears with the current debt standing at £120,534.13, accounting for 64.1% of all arrears owed and those on Universal Credit account for approximately 26% of overall tenants.
- 12.5 The Housing Service has built up good relationship with the DWP and officers have a direct email contact so that any information requested can be dealt with promptly. The team also have a partnership meeting every two months, with the next one due in September 2021. This meeting includes JCP+ Chatham and other social housing landlords.
- 12.6 Claims are being processed quickly and once a claim is made by a tenant, we receive the request for confirmation of rent within 2-3 days and this is then verified by our service. Tenants will normally receive their first payment on the 5<sup>th</sup> week of making their claim.

### 13. Risk Management

- 13.1 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. The continuation of the annual update report should provide Members with sufficient assurance that this will not be the case.

### 14. Financial and legal implications

- 14.1 The financial implications are detailed throughout the report.
- 14.2 There are no legal implications to this report.

### 15. Recommendation

- 15.1 The Committee is requested to note the work referenced in this report and be assured that the Member Task Groups recommendations are embedded in the Council's policies, practices and contracts and those of its partners.

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### Appendices:

None

### Background papers:

Cabinet Report – Welfare Reform Task Group  
<http://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=24708>