

BUSINESS SUPPORT OVERVIEW AND SCRUTINY COMMITTEE

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UNIVERSAL CREDIT AND WELFARE REFORMS ANNUAL PROGRESS REPORT

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Summary

This report provides Members with an 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superseded by events or become 'business as usual' and at Overview and Scrutiny Committee on 13 April 2017 the action plan was closed.

2.4 The Committee did however request an annual update on these areas of work.

3. Universal Credit update

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.

3.3 In April 2022, the government outlined plans to resume helping claimants to move to Universal Credit by the end of 2024. The process resumed on 9 May 2022 with 500 (250 per area) claimants in Medway and Bolton being selected for managed migration.

3.4 The claimants, selected from any of the above benefits, would receive a Migration Notice from the DWP. The notice provides the claimant with three months to claim Universal Credit in order to continue receiving financial support.

3.5 On Universal Credit, most people will be entitled to the same amount they received within their legacy benefits or more. However, should the amount of Universal Credit be less, a top up called transitional protection is available.

3.6 Medway Council's role within this test is limited to ensure a clean test and we support any Housing Benefit customers in the same way we would if they had naturally migrated to Universal Credit. The DWP are operating a specific Universal Credit Migration Notice helpline for customers who need assistance.

3.7 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, the new process ensures that we also provide the current entitlement to ensure that transitional protection is correctly calculated.

3.8 When UC went live, we had 17,527 active claims for Housing Benefit, we now have 9397 (as of 31 July 2022) with 5,409 of those being claims from working age claimants.

4. Existing Welfare reforms

4.1 Since 2013, many reforms have been introduced by the government that affect Medway's residents. These reforms are deducted from the welfare benefit that the resident is entitled to if the resident's circumstances make it appropriate to apply them.

4.2 Social Sector size criteria applies to working age customers who rent their property from a social landlord. We currently have 290 (245 in 2021) claims affected by under occupancy rules. The impact is shown in the table below:

	14% reduction	25% reduction	Total
Council Housing	61	16	77
Other social sector	129	39	168
Total	190	55	245

4.3 The benefit cap restricts the total amount of benefit payments customers can receive. If they are in receipt of legacy benefits, the cap is applied though housing benefit. For those in receipt of Universal Credit, if applicable, the cap reduces their award. The following tables shows the application of the cap to 86 Housing Benefit Claims

	All claim types	Social Sector	Homeless	Private sector
Number of caps	84	26	8	50
Avg. weekly loss	£ 41.35	£37.31	£59.03	£40.62
Min. weekly loss	£ 1.84	£1.84	£8.57	£5.27
Max. weekly loss	£ 176.77	£94.07	£124.70	£176.77

5. Council Tax Reduction

5.1 At Full Council on 24 February 2022, members agreed a new Council Tax Reduction scheme. This agreement followed lengthy consultation and governance work in preparation. Full details are contained within the reports for that meeting
<https://democracy.medway.gov.uk/ieListDocuments.aspx?CId=122&MId=5134>.

5.2 Inevitably, with every new scheme there are those who gain entitlement and some who see a reduction. In March 2022, the Council wrote to any recipient of Council tax Reduction who would have seen any reduction to their support in order to invite claims to the new Exceptional Hardship Scheme. Approximately 2,000 claimants were written to, to date the Council has received 103 claims for help that are being considered.

5.3 Under the new scheme and alongside the cost-of-living crisis, we are seeing an increase in the number of Council Tax Reduction claims received. The

caseload has risen from 15,081 as of 31 March 2022 to 15,406 as at 31 July 2022.

6. Discretionary Housing Payments

- 6.1 The total funding for DHPs within England and Wales for 2022 is £100million, reduced from £140 million in 2021. Medway has been awarded £474,331 for 2022 to provide additional assistance to those who receive either Housing Benefit or Housing Costs within their Universal Credit award. This has reduced from £683,113 in 2021. The Department for Work and Pensions have reserved £2 million of funding for distribution later in the year.
- 6.2 In quarter 1 of 2022, 248 applications have been made and awards to the value of £60,745 have been paid from the fund.
- 6.3 In 2021, the Council spent £667,801 of its budget, having received 767 applications, and making 574 awards. 193 requests for assistance were refused, most commonly because either the household was deemed not to be in hardship, information was not provided to support the claim, or the claimant was not eligible for a payment.

7. Council tax energy rebate

- 7.1 On 24 February 2022, the government announced that all households in Council Tax bands A to D would receive a £150.00 rebate. For those who pay their Council Tax by direct debit, the council was expected to pay this directly to resident's bank accounts. For those who do not pay by direct debit, the Council had to arrange gathering payment information.
- 7.2 Medway had 97,928 households in bands A to D who were eligible for the payment , £12,261,900 was paid directly to bank accounts with £2,247,300 paid to Council Tax accounts. Those who the council did not hold bank details for were given a deadline of 30 June 2022 to provide them, any accounts where bank details were not received had the payment added to their Council tax account and a new bill sent. This does not prohibit the £150 being directly refunded from the Council tax account if the customer requires the money directly.
- 7.3 The Council was also provided with £604,350 to assist people on low incomes in bands E to H under a discretionary scheme. We will pay a single payment of £150 to any household in Council Tax band E to H that:
- receive a Council Tax Reduction
 - receive a disabled banding reduction in bands F to H
 - are entitled to a Council Tax exemption under:
 - class S - occupied solely by people under the age of 18
 - class U - occupied solely by those with a severe mental impairment.

A one-off payment of £50 will be paid to households who live in a room within a house of multiple occupation (HMO) where:

- the owner is liable for the Council Tax bill
- the household are liable for the energy bills.

A one-off payment of £150 will be paid if a household is not entitled to any payment under this scheme or the mandatory scheme where a household is responsible for energy bills and suffering hardship.

8. Household Support Fund

8.1 In September 2021, the government announced the introduction of a new fund known as the Household Support Fund. The fund ran from 6 October 2021 to 31 March 2022 with Medway awarded £2,262,431.11. Within the first tranche, the Council spent £1.9m and whilst the fund was renewed from 1 April 2022, the unspent funding could not be rolled forwards, however that point was only made clear to the Council on 1 April 2022.

8.2 The fund from April to September 2022 remains at £2,262.431.11. On Tuesday, 26 April, the Leader used urgency powers to approve a report on the Household Support Fund 2022/23
democracy.medway.gov.uk/ieListDocuments.aspx?CId=115&MId=5481

8.3 We were awarded £2,262,463.11 government funding to support residents facing financial difficulties who are struggling to pay their energy, food and water bills. At least a third of the funding had to be ring-fenced to support households with children, another third had to be ringfenced to support pensioners and the remaining third needed to be allocated to other households in need.

Activity	Spend	Associated administration spend	Total
Pensioner grants	£750,000.00	£11,000	£761,000
Open hardship scheme	£1,000,000.00	£100,000	£1,088,200
Grants to food charities	£200,000.00	0	£200,000
FSM	£165,000.00	0	£165,000
Communication, digital and miscellaneous costs	0	£36,463.11	£36,463.11
Totals	£2,115,000	£147,463.11	£2,262,463.11

9. Test and Trace Support Payments

9.1 The Benefits Team administered these payments through the pandemic with the scheme closing on 6 April 2022.

9.2 The payment of £500 was to assist households with periods of self-isolation if they tested positive for COVID-19, or who had been in contact with someone who had tested positive.

9.3 £2.1 million was paid to vulnerable and low-income households during the grant period.

10. Local Welfare Provision Update

10.1 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)

10.2 A budget of £40,000 is allocated per annum for the payments (to applicants) in the contract.

10.3 Medway Council awarded a further £120,000 to support the LWP in September 2021. This was to support the caseation of the Emergency Assistance funding of £336,715.05 and the Winter Grant (WG) in March 2021 and Local Support Grant (LSG) funding in September 21, which equated to a total of £250,000. The additional funding provision was to protect the most vulnerable struggling to afford food and other essentials in an emergency and due to COVID-19.

10.4 Citizen's Advice Medway agreed to manage the grants within the LWP on behalf of Medway Council, in line with government guidance.

10.5 Since April 2022, eligibility reverted to the previous LWP eligibly criteria, and does not include those impacted by COVID-19, applicants are referred to the Housing Support Grant where appropriate. Eligibility was expanded between September 2020 until March 2022 to support more individuals and families struggling to afford food and other essential items due to the impact of COVID-19 through the EAG, WGF and LSG.

10.6 Strict governance is followed in processing of applications in line with government guidance and contract monitoring, including proof of identity and proof of low income and benefits received. No award is given if deemed fraudulent and reported.

10.7 The table below shows the key throughputs and outcomes of the LWP, and LSG service from 1 April 2021 until the 31 March 2022.

LWP/LSP throughput and outcomes	1 Apr 2021 - 31 Mar 2022
Applications	
Number of Applications	5,665
Number of LWP of the above applications	913
Number of interventions awarded	5,012

LWP/LSP throughput and outcomes	1 Apr 2021 - 31 Mar 2022
Applications	
Number LWP interventions awarded of the above interventions	296
Total % Awarded	88%
% Of LWP applications awarded	32%
Number of applicants who disengaged, withdrew, or refused to give ID as part of the LWP	248
% LWP Clients who disengaged, withdrew, or refused to give ID	27%
Number of families awarded	4980
% Of families awarded	88%
Number of single people or people living with a partner or with children over 18 years old awarded	82
Application Reason	
Clients on low income (some of below reasons are included within low income)	5312
% Of clients on low income	94%
Benefits: Universal Credit (such as awaiting payments), & Debt for LWP	60
Housing support: Included Homeless Temporary Accommodation	185
DV cases	31
No Recourse for Public Funds	2
Leaving Residential Care/ Hospital/ Prison	16
Intervention Outcomes	
Essential household items awarded	301
Food and clothing awarded	4720
Support with Utilities	4

10.8 Since September 2021 Citizen's Advice have seen a significant decline in demand compared to the previous financial year April 2020 to March 2021, although still higher than pre pandemic levels. This can be attributed to the Housing Support Grant availability to support those struggling financially, which is managed by Medway Council Benefits Team and the cost-of-living crisis.

10.9 Highlights:

- A total of 4,980 families were supported, through the LWP, WG and LSG
- A total food and clothing awarded 4,720, most of which supported through the WG and LSG

10.10 The service is now running within the limits of the LWP grant funding allocation from April 2022.

11. HRA update

11.1 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.

11.2 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.

11.3 The Council had 848 tenants on UC at the end of 2021/22 and as of 28 July 2022 there are 950. If the current rate of Universal Credit claims continues as it is, we can expect that there will be approximately 1,154 tenants on UC by the end of this financial year.

11.4 Tenants on Universal Credit have a higher level of arrears with the current debt standing at £149,134.24, accounting for 62.4% of all arrears owed and those on Universal Credit account for approximately 32% of overall tenants.

11.5 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 six weeks, with the next one due in August 2022. This meeting includes JCP+ Chatham, Macmillan Welfare Team, Southern Water and other social housing landlords.

11.6 Claims are being processed quickly and once a claim is made by a tenant, we receive the request for confirmation of rent within 1-2 days and this is then verified by our service. Tenants will normally receive their first payment during the fifth week after making their claim.

12. Risk management

12.1 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 Council is currently exploring options for strengthening, given the current economic position, the service it provides to its residents in respect of welfare and financial assistance.

13. Financial and legal implications

- 13.1 The work to identify and support families affected by the welfare reforms and the cost of living increases is important to prevent these vulnerable people from requiring more expensive statutory services later on.

14. Recommendation

- 14.1 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>