

<p style="text-align: center;">Non-Executive Report of the:</p> <p style="text-align: center;">Housing Scrutiny Sub Committee</p> <p style="text-align: center;">26 February 2018</p>	
<p>Report of: Neville Murton, Corporate Director Resources</p>	<p>Classification: Unrestricted</p>
<p>Universal Credit and rent arrears Universal Credit – implementation in Tower Hamlets</p>	

<p>Originating Officer(s)</p>	<p>Steve Hill – Head of Benefits Services Ellie Kershaw – Tackling Poverty Programme Manager Lee Fearon – Benefits Policy and Programme Manager</p>
<p>Wards affected</p>	<p>All wards</p>

Executive Summary

This report provides Housing Scrutiny Sub Committee with an update on the implementation of Universal Credit (UC) in Tower Hamlets.

Recommendations:

The Housing Scrutiny Sub Committee is recommended to:

1. Note this report.
2. Provide comments as appropriate.

1. **REASONS FOR THE DECISIONS**

1.1 This report provides an update on the implementation of Universal Credit in Tower Hamlets.

2. **ALTERNATIVE OPTIONS**

2.1 Members are invited to provide comments on the report.

3. **DETAILS OF THE REPORT**

3.1 Universal Credit (UC) replaces several existing “legacy benefits” for working age residents including:

- Housing Benefit (HB)
- Job Seekers Allowance (JSA)
- Employment Support Allowance (ESA)
- Tax Credits (CTC and WTC)
- Income Support (IS)

UC does not apply to pension age claimants who will continue to be eligible for Housing Benefit and Pension Credit.

UC is administered by the Department of Work and Pensions and entitlement is re-assessed and paid via a single payment on a monthly basis.

The single payment has 2 elements:

Living Costs	Replacing JSA/ESA and Tax Credits
Housing Costs	Replacing Housing Benefit

Currently mixed age couples where one partner is a pensioner and the other is under pension age are eligible to claim Pension Credit to top up their pension and Housing Benefit if they need help to meet their rent payments.

This is due to change from 8 May 2019 when mixed age couples will no longer be eligible to make a new claim for either Pension Credit and Housing Benefit and instead will need to claim Universal Credit to top up their income and/or help with their rent payments.

3.2 **Roll-Out of Universal Credit**

Roll-out of “Full Service” Universal credit was completed in December 2018. Under full service most people who need to make a new claim for any of the legacy benefits listed above would instead need to claim Universal Credit.

The most notable exception being families with 3 or more dependent children who are currently unable to claim Universal Credit due to problems with the UC IT system. The DWP report that these problems were recently fixed and from 1 February 2019 affected households are unable to make a new claim for legacy benefits and will be directed to claim Universal Credit instead.

Furthermore residents in Exempt Supported Accommodation, (accommodation where the rent includes charges for personal care and support) and those housed by the council in temporary accommodation under the statutory homeless provisions are only eligible to claim UC in respect of their living costs but remain eligible for Housing Benefit to cover the rent.

The roll-out date for full service UC for LBTH residents was as follows:

Commencement Date	JCP Office	Postcodes
22 February 2017	Dod Street	E14, E3,
29 March 2017	City	E1, E1(W)
8 October 2018	Shoreditch/Hoxton	E2, E9

Details of the timetable and plans for mandatory migration whereby existing recipients of legacy benefits are moved onto UC are currently unclear and although DWP has committed to complete this process by 2023 it is not due to begin until summer 2019 and there are currently no details available as to how this will be achieved.

3.3 Universal Credit in Tower Hamlets - Analysis

The rate at which Tower hamlets residents have migrated from legacy benefits to UC has been relatively slow as illustrated by the table below;

Date	Housing Benefit Claims	LCTRS Claims
End of January 2017	35,289	31,355
End of June 2018	29,964	27,692
End of September 2018	29,432	27,914

The above figures show a Housing Benefit caseload reduction of approximately 278 claims migrating to UC each month since the introduction of UC full service

Current live Universal Credit claims in Tower Hamlets as at August 2018, the latest figure available from DWP was 8,774. Since go live for UC full service there have been approximately 731 UC claims per month.

These are the latest DWP figures obtained from the Gov.UK website:

<https://www.gov.uk/government/collections/universal-credit-statistics>

Our many local requests for more up to date UC statistical information via our regular liaison meetings with the Local Jobcentre Plus/DWP management team have been unsuccessful.

However, we anticipate the migration rate is likely to increase from February 2019 when households with 3 or more dependent children will become eligible to make a new claim for UC.

Despite the current Universal Credit migration rate being relatively low, the impact on both residents in receipt of UC and the consequences for the council is illustrated by the fact that there were 867 THH tenants in receipt of UC with a total arrears balance £1,027,855.00 as at August 2018.

The relatively high level of rent arrears for UC recipients can be attributed to a number of factors including:

- UC being paid monthly in arrears.
- Delays in issuing the first payment of UC.
- Delays in claiming UC and the fact that DWP seldom backdate entitlement.
- Both the living and housing elements of UC are normally paid via a single monthly payment to the claimant. (Although there is provision for the rent to be deducted from the total monthly award and paid direct to the landlord. This is referred to as an Alternative Payment Arrangement).
- UC is primarily a digital benefit accessed via an online application and involving conditionality which a claimant is expected to discharge by use of a personal digital logbook. Consequently it is not uncommon for claims to be cancelled when claimant's neglect to update their claim accordingly via their digital logbook.
- The problems regarding claimant's upkeep of their digital UC claim are exacerbated by DWPs refusal to permit representatives (including council officers) to act on the claimant's behalf unless the claimant is present.

At the same time, the council's Benefit Service has experienced a relatively high error rate in UC assessments which causes problems for recipients in respect of both underpayments, leaving residents with insufficient income and overpayments which are later recouped from their ongoing entitlement causing budgeting issues for the recipient.

3.4 LBTH Response to the Introduction of UC

3.4.1 Benefits Service

The Benefits Service has responded to the considerable challenges posed by the introduction of full-service UC in the borough as follows:

Provision of Training Front-Line services.

Provision of training and briefings for front line council services including One Stop Shops, Housing, Adult Services and the Leaving Care Service.

Publicity

Ensuing information regarding UC is available on the council's website and that front-line staff including One Stop Shop and Contact Centre staff are able to accurately advise residents who need to claim UC.

Reorganising the Teams within the Benefits Service to address demand

The council's Benefits Service has been reorganised Teams to include:

- A specialist team dealing with Council Tax Reduction recipients who are getting UC.
- A dedicated UC/Housing Benefit caseworker to whom issues identified by the specialist team are referred. The caseworker liaises with the affected residents and relevant third parties (including DWP) to help resolve the issues identified.

Liaison with DWP

The Benefits Service management team meets with senior management team from the local Jobcentre Plus/DWP on a regular basis to discuss issues and has secured provision of a dedicated UC liaison resource from the DWP to whom queries can be referred.

Working with Interested Third parties

The council's Benefit Service regularly liaises with landlords, advice agencies, foodbanks etc, to identify, escalate and help to resolve issues relating to residents UC entitlement.

3.4.2 Tackling Poverty Team

Outreach

The Resident Support Team works from a number of locations around the borough assisting residents who are moving to UC in making their claim. The team also takes a holistic view of the resident's circumstances and will help with applications for DHP and grants, as well as making referrals to other services where appropriate.

Childcare

The Tackling Poverty Team is currently investigating the upfront costs of childcare and the barrier this presents to employment with the aim of piloting a method of helping parents with these costs.

Tackling Poverty Dashboard

The dashboard uses housing benefit data to map households across the borough and gives an indication of how various welfare reforms and policy changes will affect them. It does not provide data on households claiming UC, as this data belongs to the DWP and the Local Authority does not have access to it. However, reports can be run showing which residents are likely to move to UC due to their circumstances changing, and use of this data allows for proactive contacting of these households to offer support in making their claim where it is needed.

3.4.3 Going Forward

The experience gained in the relatively short time since UC was introduced in Tower Hamlets informs the following:

- The digital approach to claiming UC and maintain an on-line claim is not suitable for all LBTH residents. The medium to long term solution is to develop and implement a UC inclusion initiative but DWP should be petitioned to explore alternative short term fixes one of which should be inclusive partnership working with local authorities which involves allowing us direct access to UC processing staff to represent residents experiencing difficulties with their UC claim.
- Confusion regarding the rules regarding migration to UC can result in late claims which manifest in residents losing entitlement. Whilst publicity and early intervention can help mitigate this risk, it will not completely eradicate it and therefore we would strongly advocate that DWP exercise their discretion to backdate entitlement more liberally.
- Direct consultation between DWP and Local Authority associations regarding proposed changes to UC would reduce confusion, help identify and eliminate possible problems and provide a better understanding of the effects.
- Jointly produced publicity of forthcoming changes and information regarding future roll-out of UC in the Local Authority area would likely be more effective for residents and provide with a more active role in the roll-out process.

- Although DWP refer to working in partnership with Local Authorities in order to help ensure the success of UC, our experience thus far does not indicate a willingness on part of DWP to adopt an inclusive partnership approach and it is difficult to escape the conclusion that Local Authorities are spectators rather than partners in the UC process.
- In December the Benefits Service wrote to DWP regarding our experience of UC liaison and have been informed the matter has been passed to DWP Policy Division; we have set out our concerns and are currently awaiting a response.
- In order for Local Authorities to be able to provide a service that is truly beneficial to residents, the DWP should be prevailed upon to give access to the data and to allow Council Officers to speak to the DWP on behalf of the resident when requested to do so.

4. EQUALITIES IMPLICATIONS

- 4.1 There are no specific equalities implications arising from this report.

5. OTHER STATUTORY IMPLICATIONS

- 5.1 This report provides Housing Scrutiny with an update on progress of the roll out of Universal Credit in Tower Hamlets and its intention is to inform in order to help secure continuous improvement for the council as required under its best value duty.
- 5.2 There are no direct environmental, crime or disorder implications arising from the report.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 This report provides the Housing Scrutiny Sub Committee with an update on the implementation of Universal Credit in Tower Hamlets and asks the Committee to note the report and provide comments as appropriate.
- 6.2 As this is a noting report there are no direct financial implications arising. However, an area of financial risk is outlined in section 3.3 in relation to the current level of rent arrears among Tower Hamlets Homes tenants in receipt of Universal Credit, the balance of which was - as at August 2018 - over £1 million. This level of rent arrears will need to be kept under constant review by Tower Hamlets Homes in order that appropriate mitigating actions can be taken.

7. COMMENTS OF LEGAL SERVICES

- 7.1 This report provides an update on the implementation of Universal Credit in Tower Hamlets. It is for noting and comments only and has no direct legal implications.
- 7.2 The Housing Scrutiny Sub-Committee is tasked with the responsibility of holding service providers to account and considering housing matters affecting the inhabitants of the Council. Accordingly, a review of the roll out of Universal Credit and its effects on the inhabitants of the borough falls within its remit and authorised by the Council's Constitution

Linked Reports, Appendices and Background Documents

Linked Report

- NONE

Appendices

Appendix 1 –
Universal Credit roll out in Tower Hamlets
Benefits Service experience

Local Government Act, 1972 Section 100D (As amended)
List of “Background Papers” used in the preparation of this report

- NONE

Officer contact details for documents:

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